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# ***Daily Report***

## **China**

**FBIS-CHI-88-244**  
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# Daily Report China

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20 December 1988

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## General

**Commentary Views UN Meeting on Palestinian Issue**  
*HK1912041188 Beijing RENMIN RIBAO in Chinese*  
17 Dec 88 p 6

[Commentary by Liu Kaichen (0491 7030 1368): "New Developments in the Palestinian Issue"]

[Text] United Nations, 15 Dec—In Geneva, during a 3-day debate, the 43d UN General Assembly today adopted five resolutions on the Palestinian issue by an overwhelming majority. Two of these resolutions respectively accepted the recently founded Palestinian state and required the UN Security Council and the secretary general to take measures to promote the convening of an international Middle East peace conference to work out a just settlement of the Palestinian issue. These two resolutions were put forward according to the spirit of the "declaration" of the 19th special meeting of the Palestine National Council, and they marked a new development in the process of settling the Palestinian issue.

Since the Palestinian state was founded, it has been recognized by many countries in the world. On this occasion, the UN resolution agreed that henceforth, "Palestine" will replace the PLO as an observer in the United Nations. This indicated that the international community accepted this fact, and this is favorable for the just settlement of the Palestinian issue. On this occasion, the UN resolution reiterated that the Palestinian issue is the crux of a fair and all-round settlement of the Middle East issue, and put forward a series of principles for the just settlement of the Palestinian issue. These principles were formulated according to a proposal of the PLO. The main contents are: In accordance with Security Council Resolutions 242 and 338, Israel will withdraw from the Palestinian and Arab territories it has occupied since 1967, and the security of all countries in the region, including Israel and the Palestinian state, will be guaranteed. The PLO made the necessary compromise on this issue in view of the historical and current conditions. This broke Israel's constant pretext that its security and existence are threatened by the PLO.

The UN General Assembly was forced to change the meeting place from New York to Geneva in order to debate the Palestinian issue. This brought about an unprecedented warm atmosphere at the meeting. Many countries sent representatives of higher rank to the meeting; representatives of nearly 100 countries made speeches at the meeting, and representatives from various countries worked very seriously when discussing the draft resolutions and tried to seek common ground while reserving differences. The West European countries, including Britain, also voted for the resolution on convening an international Middle East peace conference to promote a just settlement of the Palestinian issue. In the vote for the resolution on the Palestinian state, the West

European countries just abstained, and did not vote against it. This fully indicated that the countries of the world are adjusting their policy toward the PLO and are seeking sympathy and support for the just settlement of the Palestinian issue.

U.S. President Reagan yesterday announced that the United States agreed to begin "substantive dialogue" with the PLO. This shows that, persuaded by "moderate" Arab countries and the West European countries, the United States has begun to change its longstanding position of not recognizing the PLO as the representative of the Palestinian people. This made it possible to break the longstanding deadlock on the Palestinian issue. Opinion here holds that the change in the U.S. position marks a turning point in the process of settling the Palestinian issue and realizing peace in the Middle East.

However, the United States and Israel continued to vote against the UN resolutions concerned. In particular, Israel still continues to occupy the Palestinian areas—the West Bank and the Gaza Strip—and has no intention of participating in the peace talks. Therefore, the Middle East peace process will still be arduous and tortuous in the future.

**'News Analysis' on U.S. Mideast Policy Changes**  
*OW1712131688 Beijing XINHUA in English*  
1139 GMT 17 Dec 88

[“News Analysis: A Breakthrough in Mideast Peace Process (by Chen Ruwei and Fu Weijian)”—XINHUA headline]

[Text] Amman, December 17 (XINHUA)—The U.S. decision to open a dialogue with the Palestine Liberation Organization (PLO) marks a breakthrough in the long-stalled Middle East peace process.

The decision indicated that the U.S., which had always refused to negotiate with the PLO, now has readjusted its Middle East policy and has recognized the PLO, although its secretary of state, George Shultz, stressed that the decision to talk did not mean the recognition of the Palestinian state by the U.S. On December 14, PLO Chairman Yasir 'Arafat declared again at a press conference in Geneva that the PLO accepted U.N. Security Council Resolutions 242 and 338 on the Palestine issue, recognized Israel's right to exist and renounced terrorism in any form.

An hour after 'Arafat's speech, Shultz was authorized by President Ronald Reagan to announce that Washington was ready to hold substantial talks with the PLO.

Only two weeks ago, following its consistent policy of no contact, no negotiation and no recognition of the PLO, the U.S. Government refused to grant 'Arafat a visa to go to New York to attend the United Nations General Assembly on the Palestine issue.



So what impelled the U.S. to change its policy so abruptly?

The change, first of all, was a response to the exceptional pressure the world has put on the U.S..

Peace lovers all over the world have voiced their support to the decisions made by the Palestine National Council on November 15 to proclaim the Palestinian State and accept U.N. Resolutions 242 and 338, and they were enraged by the U.S. refusal to allow 'Arafat to speak at the U.N. Assembly.

The legal committee of the U.N. General Assembly voted 121-2 in favor of the resolution asking the U.S. to grant 'Arafat a visa, with Israel and the U.S. voting against and Britain abstaining.

Faced with the intransigence of the U.S., the assembly decided to move the venue of the special commission on the Palestine issue from New York to Geneva, with 154 votes for and two votes against (again the U.S. and Israel), to let the world hear 'Arafat's "voice of peace."

The two votes made the U.S. feel isolated and discredited. Weighing the situation, it had no alternative but to alter its policy towards the PLO.

Secondly, the PLO's honesty in seeking peace left the U.S. no room to persist in its original policy.

'Arafat, not disillusioned by the U.S. way of doing things, adopted a more mild, reasonable and agreeable stand in Geneva.

To counter the U.S. position that his speech at the U.N. Assembly was "ambiguous", 'Arafat held a press conference in Geneva to explain further the PLO's peace proposals. So far, the PLO has met Washington's three preconditions on negotiations and the U.S. has no reason not to talk with the PLO.

But the most compelling of the reasons for the U.S. change in its position is the support from all peace-loving countries of the world, and the Arab countries in particular.

Diplomatic overtures by Jordanian King Husayn were obviously a key in coordinating the Arab countries' position on the Palestinian issue.

King Husayn took the initiative in proposing that the venue of the special session of U.N. General Assembly be moved to Geneva when the U.S. refused to grant a visa to 'Arafat to address the General Assembly session. He shuttled between [words indistinct] was constantly on the phone with Arab [word indistinct] discussing the latest developments arising from the U.S. refusal to give 'Arafat a visa.

Husayn also visited Britain and France to explain the PLO's sincerity in seeking a Middle East peace. He also repeatedly urged the United States and Israel to make a positive response to [words indistinct].

#### U.S. Decision on Talks Hailed

OW1912225188 Beijing XINHUA in English 1831 GMT  
15 Dec 88

["Roundup: U.S.-PLO Direct Talks, a Step Forward in Middle East Peace Process (by Xiong Changyi)"—XINHUA headline]

[Text] Beijing, December 15 (XINHUA)—In a sudden reversal of U.S. Middle East policy, President Ronald Reagan has authorized the start of a "substantive dialogue" with the Palestine Liberation Organization, which the United States has long ostracized.

Reagan made the announcement after PLO leader, Yasir 'Arafat, issued a statement in Geneva earlier Wednesday, saying the PLO had accepted United Nations Security Council Resolutions 242 and 338, recognized Israel's right to exist, and renounced terrorism.

In Geneva, U.N. Secretary General Javier Perez de Cuellar, hailed the U.S. decision to open direct talks with the PLO as "excellent news," and "an historic turning point" in the search for peace in the Middle East.

However, he said, "dialogue is not of course the end of the problem. One must not be too optimistic. But I hope it will be the beginning of a very important process."

"My role now is to convene an international conference involving all parties, and I will start working in that direction," he added.

He also indicated, "the American decision to begin a dialogue with the PLO will of course create a more favorable condition."

In Berlin, 'Arafat said the American decision to talk to the PLO could be conducive to a Middle East settlement.

The PLO leader, who arrived in Berlin from Geneva Wednesday night on a working visit, made the statement in his meeting with Democratic German leader, Erich Honecker.

He also called for concrete steps to prepare an international conference on the Middle East.

"The PLO is striving for a comprehensive settlement of the conflict that will guarantee all participants a life in dignity, freedom, and peace," he added.

Shaykh 'Abd al-Hamid al-Sa'ih, speaker of the Palestine National Council, said in Geneva, "we hope this initiative is a step forward to achieve true peace, which the world needs as it needs food and drink."

However, Israel's ambassador to the United States, Moshe Arad, said in Washington, "we are extremely disappointed by the decision of the secretary of state and the U.S. Administration to establish contacts with the PLO."

In Stockholm, the independent TT news agency quoted an unidentified Foreign Ministry source as saying that personal intervention by Swedish foreign minister, Sten Andersson, had moved 'Arafat to call his news conference in an attempt to clarify statements in his U.N. speech.

Observers here noted that the U.S. decision to open direct talks with the PLO is a step forward in the Middle East peace process. However, since the peace process involves all parties concerned, including Israel, it is too optimistic to say that all the obstacles placed on the road to peace have been removed.

**Japan-USSR Foreign Ministers Talks Reported**  
*OW1812185488 Beijing XINHUA in English 1454 GMT*  
18 Dec 88

["News Analysis: Shevardnadze Visit To Ease Islands Dispute? (by Zhu Rong Gen, Tan Jian Rong)"—XINHUA headline]

[Text] Tokyo, December 18 (XINHUA)—The arrival here of Soviet Foreign Minister Eduard Shevardnadze today raises hopes that Moscow-Tokyo relations, cooled by a territorial dispute in the past few years, will turn warmer.

The four-day visit by Shevardnadze is expected to pave the way for a trip to Japan by Mikhail Gorbachev, who will be the first Soviet leader ever to travel to this country.

Shevardnadze, who last visited Japan in January, 1986, will hold three days of talks starting on Monday with Japanese Foreign Minister Sosuke Uno. He will also meet Prime Minister Noboru Takeshita, his predecessor Yasuhiro Nakasone, former Foreign Minister Shintaro Abe, who is now secretary general of the ruling Liberal Democratic Party, and other government officials.

Although the talks are billed as regular Soviet-Japan foreign ministerial consultations, public attention is expected to focus on developments stemming from Japan's repeated demand for the return of four small northern islands held by the Soviets since the end of World War II.

Following a history of territorial disputes dating back to the late 19th century, Japan has refused to sign a bilateral peace and friendship treaty formally ending World War II until the Soviets return the four small islands off its northern island of Hokkaido—Kunashiri, Etorufu, Shikotan and the Habomai group.

Other topics expected to be taken up in the consultations are Soviet-Japan economic cooperation, the situation on the Korean Peninsula, the Kampuchean conflict and new Soviet policy toward the Asia-Pacific region.

An apparent thaw in bilateral ties in recent years was highlighted by Shevardnadze's last visit to Japan—the first visit by a Soviet foreign minister in 10 years.

However, Moscow-Tokyo relations took a turn for the worse a year later after several international incidents including Toshiba Machine Co.'s sales of sophisticated milling machines to the Soviet Union against the regulations of the co-ordinating committee controlling East West trade (COCOM), which bans the shipment of high-tech defense devices to socialist countries. This was followed by reciprocal expulsions of diplomats.

The Soviet Union's consistent position on the northern territories issue is that it "is already solved." Yet in January, 1986, when he finally visited Tokyo, Shevardnadze acknowledged the existence of a continuing dispute and conceded that it has become an "obstacle" to the development of Soviet-Japan relations.

The Soviet foreign minister said he wished to exchange views on ways to remove obstacles that hinder development of Soviet-Japan ties and asked Japan for "new thinking" on the territorial issue.

Nevertheless, in the view of Japan, the Soviets have made no "substantial changes" in their attitude.

During this Shevardnadze visit, the Foreign Ministry is reported determined "to make at least one or two steps forward" on the issue. The question remains, however, whether Japan itself is ready to accept something short of a formal return of the four small islands as a precondition to a treaty.

The Soviet Union, now pursuing its reform policies of "glasnost" (openness) and "perestroika" (restructuring), is interested in expanding economic cooperation. Japan's reaction seems to mingle hope and fear. Some of its businessmen have shown interest in the development of resource-rich Siberia, but are wary both of the territorial issue and COCOM restrictions.

The economic proposals that the Soviet Union has put forward to Japan include the establishment of a trade mission in Osaka, a joint venture to produce passenger cars, the creation of a "Japan sea rim" economic zone on the Soviet island of Sakhalin, and promotion of cooperation in science and technology.

The volume of Soviet-Japan trade, which peaked at 5.6 billion U.S. dollars in 1982, dipped to 4.9 billion dollars in 1987, down four percent from the previous year.



Latest statistics indicate, however, that trade between the two nations so far this year is up by about 30 percent over the same period in 1987, and the annual volume of bilateral trade is expected to reach a record high of six billion dollars.

**Agreement on Summit Preparation**  
*OW1912163888 Beijing XINHUA in English 1442 GMT  
19 Dec 88*

[Text] Tokyo, December 19 (XINHUA)—Japan and the Soviet Union agreed today to hold more frequent talks between the foreign ministers of the two countries to pave the way for a Japan-Soviet summit meeting.

Japanese Foreign Minister, Sosuke Uno, and his Soviet counterpart, Eduard Shevardnadze, reached the agreement during the first of three rounds of talks here today.

The two-day talks between the two men focused on the prospects for an official visit to Japan by Soviet leader Mikhail Gorbachev. They also include discussion of a dispute over four islands occupied by the Soviets since the end of World War II.

Shevardnadze expressed a strong wish to improve bilateral ties between Tokyo and Moscow, saying he wants to open "a new chapter" in Soviet-Japan relations.

According to Foreign Ministry sources, Uno said developments in Japan-Soviet ties will lead to stability and peace in the Asia-Pacific region, and he hopes to iron out differences between Tokyo and Moscow step by step.

Uno was quoted as saying that Japan has strong interests in the perestroika (restructuring) and glasnost (openness) policies being advanced by Soviet leader Mikhail Gorbachev.

Touching upon the Asia-Pacific situation, Uno expressed his concern over the Soviet military buildup in East Asia, and called for a reduction of forces to promote the security of the region.

Uno also called for more Soviet efforts to bring an end to the 10-year-old conflict in Kampuchea and to promote stability on the Korean Peninsula.

Uno called on Shevardnadze to make public the detailed figures of Soviet naval strength in East Asia.

Shevardnadze expressed readiness to announce the figures and stressed the importance of holding a conference on arms reduction in the Asia-Pacific area.

Japanese officials described the first session between Uno and Shevardnadze as having been conducted "in a frank and friendly atmosphere."

Shevardnadze, who heads a 40-member delegation, arrived here yesterday for a four-day visit, his first in two years and 11 months.

**Territorial Dispute Remains**  
*OW1912170388 Beijing XINHUA in English 1631 GMT  
19 Dec 88*

[Text] Tokyo, December 19 (XINHUA)—Japan and the Soviet Union remained different over a four-decade-old territorial dispute as Japanese Foreign Minister Sosuke Uno and his Soviet counterpart Eduard Shevardnadze ended their two rounds of wide-ranging talks here today, a Japanese Foreign Ministry official said.

"The Soviet Union did not change its basic position on the territorial dispute (during the meetings)," the official told a news briefing at the ministry this evening.

Japanese sources here said that the two meetings, one in the morning and the other in the afternoon, were characterized with heated arguments. But the Foreign Ministry spokesman declined to disclose the details of the talks but said the meetings were conducted "in a very friendly atmosphere."

The dispute, called the Northern Territories issue, is the main obstacle to a full-fledged development of Japan-Soviet relations, which cooled off in the past few years.

Japan has been calling for the return of the four small islands off Hokkaido—Kunashiri, Etorufu, Shikotan and the Habomai group, which were seized by the Soviets at the end of World War II. Japan has refused to sign a peace and friendship accord with the Soviet Union to formally end wartime hostilities until the islands are returned.

The Soviet Union, however, had repeated in the past that the problem "has been resolved," refuting Japanese claims for the four islands with a combined area of 5,000 square kilometers.

The regular foreign ministerial consultations between Tokyo and Moscow were reopened for the first time in two years and seven months since the then Japanese Foreign Minister Shintaro Abe visited the Soviet Union in May 1986.

**Agreement Facilitates 'Boat People' Repatriation**  
*HK1612073788 Hong Kong SOUTH CHINA  
MORNING POST in English 16 Dec 88 pp 1, 5*

[Text] An agreement signed in Geneva yesterday between the United Nations High Commissioner for Refugees (UNHCR) and Hanoi authorities could lead to the voluntary repatriation of a batch of boat people from Hong Kong by the end of next month.

The Government's refugee co-ordinator, Mr Michael Hanson, said that under the agreement, boat people will be allowed to return to their home towns and the UNHCR will have a right of access to them within Vietnam.

A statement from the UN said Hanoi will ensure that "voluntary returns will take place in safety and dignity" and not punish or discriminate against those involved.

High Commissioner Jean-Pierre Hocke and Vietnam's Deputy Foreign Minister, Mr Vu Khoan, signed the agreement on principles and procedures for setting up the "framework for future voluntary returns to Vietnam" in Geneva yesterday.

The signatories pledged to "continue to work together with a view to resolving the humanitarian problems of Southeast Asia by broadening the program of legal departures and speeding up its operation".

Hong Kong and British Government officials claimed they had reached an agreement for the voluntary repatriation of boat people to Vietnam following talks with the Vietnamese authorities in London in October.

Hong Kong officials had maintained that the first batch of boat people who had volunteered to be repatriated would return home before the end of this year.

A list of more than 100 Vietnamese boat people who arrived in Hong Kong since the government's change in policy on June 16 who have requested to return to Vietnam was sent to Hanoi in the autumn.

But UN officials say they are still waiting for any response from the Vietnamese authorities.

When a date is reached the UN officials would either charter a private aircraft or else send the boat people back in batches of about 20 at a time on normal scheduled flights.

The repatriated boat people would first be flown to Bangkok and then Hanoi where they would be taken to a UNHCR reception centre before being reintegrated into their own communities.

The UNHCR has agreed to provide a resettlement package to help the returning boat people re-adjust to life in Vietnam.

UNHCR officials say the package would include basic essentials and a small amount of pocket money.

Mr Hanson said the agreement signed in Geneva yesterday was very important to Hong Kong and he believed the Vietnamese Government would carry out the repatriations.

He said it was unlikely the first repatriation from Hong Kong would be done this year, although it was possible.

"I hope it will be some time in January," he said.

"It's a positive step forward and I'm very pleased," said Mr Hanson.

"I'm looking forward to repatriating the first group."

Mr Hanson said he was still waiting for advice from the UNHCR regarding what actions should be taken to repatriate the refugees.

It is hoped the returning boat people will help spread the message in Vietnam that there is little possibility of resettlement for boat people who arrive in Hong Kong.

Since the introduction of the new policy, 10,233 Vietnamese boat people have arrived in the territory.

Of these more than 440 have volunteered for repatriation but more than 100 of these have withdrawn their request.

### United States & Canada

**Envoy Marks 10th Anniversary of Ties With U.S.**  
*OW2012093088 Beijing XINHUA in English*  
0817 GMT 20 Dec 88

[Text] Washington, December 19 (XINHUA)—Chinese Ambassador Han Xu held a reception at his embassy this evening to mark the 10th anniversary of the establishment of diplomatic relations between the People's Republic of China and the United States.

Ambassador Han and U.S. Deputy Secretary of State John Whitehead expressed their wishes in toasts that the bilateral relations will further develop in the years to come.

As many as 500 distinguished guests attended the reception. Among them were Defense Minister Frank Carlucci, the President's trade representative Clayton Yeutter, Undersecretary of State for Political Affairs Michael Armacost, former Secretary of State Alexander Haig and former Defense Minister Harold Brown.

Also present were Brent Scowcroft, President-elect George Bush's designated special assistant for national security affairs, Zbigniew Brzezinski and Robert McFarlane, former national security advisers, Leonard Woodcock and Arthur Hummel, former U.S. ambassadors to China.



**Association of American Studies Founded in Beijing**  
*OW1712060988 Beijing XINHUA in English*  
1310 GMT 14 Dec 88

[Text] Beijing, December 14 (XINHUA)—A Chinese Association of American Studies was set up here today on the occasion of the 10th anniversary of the establishment of diplomatic relations between China and the United States.

More than 70 experts and scholars of American studies from all parts of the country attended the opening ceremony.

Li Shenzhi, vice president of the Chinese Academy of Social Sciences, was elected president of the association.

He said that many organizations concerned with American studies have been set up throughout the country in tandem with the development of the relations between China and the United States over the past decade.

Recently, Li said, the need has been felt for a national body to coordinate these organizations, hence the founding of the association.

The aim of the association is to develop American studies in China, promote the Chinese people's understanding of the United States, enhance international academic exchanges in American studies, and help the development of world peace and China's modernization drive.

The association so far has more than 40 member organizations.

**Provinces, U.S. Cities Establish Ties**  
*OW1912071488 Beijing XINHUA in English*  
1450 GMT 16 Dec 88

[Text] Beijing, December 16 (XINHUA)—Sixty three pairs of Chinese provinces and U.S. states and cities in both countries have twinned in the past decade since the establishment of diplomatic relations.

Zhang Xueling, an official with the Chinese Association for Friendship With Foreign Countries, said: "These Sino-U.S. sister cities and sister provinces-states have opened a new way for the people of the two countries to understand each other and become friends through non-governmental exchanges and cooperation."

The first pairing was between Hubei Province and Ohio State. The cities and provinces and states have had mutual exchanges in virtually every field from science and technology and culture to utilization of energy sources and environmental protection. There have even been exchanges of animals and plants, Zhang said.

At least 10 more pairs of cities are shortly to be twinned and another dozen Chinese cities are reportedly looking for partner cities.

**Satellite Agreements Signed With U.S.**  
*OW2012092388 Beijing XINHUA in English*  
0235 GMT 20 Dec 88

[Text] Washington, December 19 (XINHUA)—A agreement signed between the United States and China December 17 will "fully safeguard" U.S. national security interests and allow China to enter the international commercial satellite launching market, the U.S. State Department said here today.

Under the agreement, China will launch no more than 9 communications satellites for international customers over the next 6 years.

The agreement, which will take effect as soon as the U.S. issues a satellite export license for China, is the last of three agreements required by an administration decision taken September 9 on the issuance of export licenses for the Chinese launch of three U.S.-made communications satellites.

The State Department, however, said that although reaching agreement in the last of the three areas was clearly a major step, "we are not yet in a position to issue the export licenses for the three U.S.-made communications satellites. We must still review and formally approve the trade agreement."

Two other agreements on technology safeguards and on Chinese indemnification for potential U.S. Government liability were also signed December 17. The agreements were initialled in Beijing last October.

**Maritime Transportation Accord Signed With U.S.**  
*OW1812120588 Beijing XINHUA in English*  
1846 GMT 15 Dec 88

[Text] Washington, December 15 (XINHUA)—China and the U.S. signed a long awaited maritime transportation agreement today ensuring each other access to port facilities in both countries.

It will also allow U.S. flagged ships to open feeder line services in Chinese ports and reduce wait time and tonnage dues for Chinese vessels in U.S. ports.

After negotiations of over five years, the agreement was signed the eve of the 10th anniversary of the establishment of diplomatic relations between China and the United States. The agreement, which was a renewal of the one signed back in 1980, was hailed here today by both U.S. and Chinese officials as "a major step forward" for promoting the economic relations between the two countries on the either side of the Pacific.

Despite the willingness of both countries to enter into a new agreement after the previous one expired in 1983, disputes on certain issues left them without an agreement for over five years until now.

Under the new agreement, China allows U.S. shipping companies to open offices in China. Sealand Shipping Company of the U.S. will open two offices in China, a Chinese shipping official told XINHUA today.

In addition, U.S. shipping companies will be able to open feeder line services linking Hong Kong and some 40 listed Chinese ports. U.S. vessels may enter these Chinese ports upon 24 hour notice. A Chinese official said that, as China is deepening its economic structural reform and giving more independence to its enterprises, many Chinese businesses now use U.S. vessels to transport their goods to other countries and U.S. shipping companies now enjoy booming business in China.

For Chinese vessels, the absence of an agreement in the past few years meant long wait time at U.S. ports, usually at 7 working days or actual two weeks, which was costly to China. Also, the U.S. imposed high tonnage dues on Chinese vessels, adding about 3 million dollars in cost per year.

Chinese vessels now can enter into all except 12 U.S. ports upon 24 hour notice, which is a standard international practice, said a Chinese official.

In praising the signing of the agreement, U.S. Deputy Secretary of State John Whitehead pointed out that, in the past decade, "Sino-American relations have become ever more richly and closely intertwined... The new maritime agreement is a clear sign of the developing friendship and cooperation" between the two countries.

U.S. Secretary of Transportation Jim Burnley told XINHUA that he believes the agreement is "a major step forward" for overall relationship between the two countries and the U.S. Government will help U.S. shipping companies to do more business in China.

At the signing ceremony, Chinese Communications Minister Qian Yongchang, who signed the agreement today with Jim Burnley, said the agreement reflected the principle of equality and mutual benefit and would surely give an impetus to U.S.-China trade.

Although the negotiations were tortuous, he said, the two countries now understand each other's positions better through the process and that will help both sides "correctly implement the agreement," he added.

The Chinese minister went on to tell the dignitaries gathered at the signing ceremony that China is now continuing its economic reform to encourage competition among various enterprises and liberalize government involvement in their management.

Chinese Ambassador Han Xu, U.S. Maritime Administrator of Transportation Department John Gaughan, Chairman of Federal Maritime Commission Ms. Elaine Chao and several U.S. senators attended the ceremony.

**U.S. Channel Catfish Introduced in 20 Areas**  
*OW2012025788 Beijing XINHUA in English*  
1519 GMT 19 Dec 88

["China Introduces Channel Catfish From United States"—XINHUA headline]

[Text] Wuhan, December 19 (XINHUA)—Holy catfish [as received]

Chinese researchers have succeeded in introducing the United States channel catfish into 20 Chinese provinces, autonomous regions and municipalities, a local research fellow said here today.

Shi Quanfang, from the Wuhan Branch of the Chinese Academy of Sciences, said four researchers from the Hubei Provincial Aquatic Product Institute succeeded in breeding the fish after they obtained 1,500 fry from the United States in 1984.

Shi estimated that the introduction of the catfish into Chinese waters "is brought about economic returns of some 40 million yuan."

The fresh water fish is easy to breed, high-yield and tender tasting, Shi claimed.

The project received final approval today from the Hubei Provincial Science and Technology Committee.

**Shanghai Airlines To Buy Three Boeing 757s**  
*OW1512162488 Beijing XINHUA in English*  
1228 GMT 13 Dec 88

[Text] Beijing, December 13 (XINHUA)—Shanghai Airlines, China's largest regional aviation company, has reached agreement with the U.S. Boeing Company to take three Boeing 757-200 airplanes on hire-purchase.

This was announced by Zhu Changbao, deputy-director of Shanghai Airlines, at a press conference here today. He said that the first two Boeing planes will be delivered next June and July.

According to Zhu, the three aircraft will be used on routes between Shanghai and Beijing, Guangzhou, Guilin, Xian, Chengdu and Urumqi.



## Near East & South Asia

### India's Rajiv Gandhi, Delegation Continue Visit

#### More on Li, Gandhi Talks

OW1912133388 Beijing Domestic Service  
in Mandarin 1030 GMT 19 Dec 88

[From the "National Hookup" program]

[Text] During the official meeting with Indian Prime Minister Rajiv Gandhi at the Great Hall of the People this afternoon, Premier Li Peng expressed appreciation to Prime Minister Gandhi and his delegation for their visit to China after the contacts between Chinese and Indian senior leaders had been discontinued for more than 30 years. He also expressed the hope that the two countries would work hard to make Gandhi's visit to China a complete success.

Rajiv Gandhi said: Without doubt, my current visit will be an unforgettable one. I also hope my current visit will bring a new and good beginning.

On bilateral relations, Li Peng said: The Sino-Indian border issue is what obstructs the improvement of relations between the two countries. As long as both sides are sincere and make constant efforts to explore ways to settle the border issue on the principles of mutual understanding and mutual accommodation, the issue can be settled.

Li Peng added: The Chinese Government has noted that all Indian governments have adhered to the principled stand that Tibet is part of China and that India will not interfere with China's internal affairs. We appreciate this principled stand of the Indian Government.

Rajiv Gandhi said: The border issue is the knottiest issue between China and India. We should settle this issue through peaceful and friendly consultations. India is determined to settle this issue through mutual benefits and reciprocity. Before this issue can be settled, peace and tranquillity along the border should be maintained. At the same time, the two countries should increase contacts and cooperation in other areas of bilateral relations.

Gandhi also reiterated that the Indian Government's policy toward the Tibet issue remains unchanged. This policy is: Tibet is one of China's autonomous provinces [zi zhi sheng] and the Indian Government will not allow any forces to conduct any political activities in India detrimental to China's internal affairs.

On the international situation, Li Peng said: A tendency toward relaxation has appeared in the world situation today. More and more people in the world agreed that a new international political, as well as economic, order should be established. He added: The five principles of

peaceful coexistence initiated by Chinese and Indian leaders in the past have powerful vitality. As initiators of these principles, China and India should be role models upholding them.

Li Peng said: China and India used to enjoy very friendly relations during the 1950's. Later, because of reasons known to all, Sino-Indian relations deteriorated and the two countries even clashed. That was unfortunate. We hope such things will not happen again in the future.

Li Peng continued: Peace and development are the trend of the world today. We should follow this trend. The improvement of Sino-Indian relations not only will benefit the two countries, but also peace in Asia. China and India can learn from one another in many areas.

Rajiv Gandhi said he agreed with Li Peng's view that a new international political and economic order should be established. He said: We should substitute containment with peaceful coexistence.

Qian Qichen, minister of foreign affairs; Zheng Tuobin, minister of foreign economic relations and trade; Qi Yuanjing, minister of metallurgical industry; and the Indian minister of foreign affairs, minister of law and justice and concurrent minister of water resources, and minister of commerce were present at the meeting.

Premier Li Peng held separate talks with Prime Minister Rajiv Gandhi in the afternoon.

Prime Minister Rajiv Gandhi, who is on an official visit to China at the invitation of Premier Li Peng, arrived in Beijing by special plane this morning.

At 1000 Premier Li Peng presided over a grand ceremony at the Central Hall of the Great Hall of the People in honor of the Indian visitors.

#### Bilateral Ties Discussed

HK1912152888 Beijing XINHUA Hong Kong Service  
in Chinese 1204 GMT 19 Dec 88

["Chinese And Indian Prime Ministers Hold Talks"—XINHUA headline]

[Text] Beijing, 19 Dec (XINHUA)—Premier of the State Council Li Peng pointed out today: The boundary problem is hindering the improvement of Sino-Indian relations. As long as both sides are sincere and make constant efforts to explore ways of settling the border issue on the principles of mutual understanding and mutual accommodation, this issue can be resolved.

Li Peng and the Indian Premier Rajiv Gandhi held talks this morning in the Great Hall of the People for more than 2 hours to exchange views on Sino-Indian bilateral relations and the international situation.

Li Peng said: The Chinese Government has noted that all Indian Governments have stuck to the following position: Tibet is part of China and India will not interfere in China's internal affairs, nor will it allow Tibetan separatists in India to conduct political activities aimed at splitting China up. We admire this principled position of the Indian Government.

Rajiv Gandhi stressed: The border issue is the knottiest problem between India and China. Both sides ought to solve this problem through peaceful and friendly consultations. The Indian side is determined to solve the problem in the spirit of mutual benefit and reciprocity. Before the problem is settled, an atmosphere of calm and tranquillity along the border should be maintained. At the same time the two countries can increase their exchanges and cooperation in other fields.

Rajiv Gandhi reiterated the Indian Government's policy toward the Tibetan issue: Tibet is an autonomous region of China. The Indian Government does not allow any political forces in India to engage in any political activities harmful to China's internal affairs.

On behalf of the Chinese Government and people, Li Peng accorded Premier Rajiv Gandhi and his entourage a warm welcome. Li Peng said: Both China and India are Asian countries with ancient civilizations and the most populous developing countries in the world. He pointed out: Contacts between senior Chinese and Indian leaders have been discontinued for more than 30 years. The current visit of Rajiv Gandhi is worth praising. He hoped that with the concerted efforts exerted by both sides the visit would be completely successful. Rajiv Gandhi thanked the Chinese Government for the invitation and friendly reception given to him. He firmly believed that his visit would be an unforgettable one.

While talking about the international situation Li Peng said: At present there is a trend toward detente in the world. This is of benefit to people of the world, to developing countries, and to both China and India. More and more people in the world agree that a new international political, as well as economic, order should be established. The five principles of peaceful coexistence maintain their vitality. All countries should abide by these principles despite possible differences in social systems.

Li Peng continued: China and India, as initiators of the five principles, should be role models in carrying them out. During the 1950's, the relations between the two countries were very friendly. Later, for reasons known to all, Sino-Indian relations unfortunately took a turn for the worse and the deterioration even amounted to confrontation. We hope such things will never happen again. The two sides should go with the trend of peace and development in the world. The improvement of Sino-Indian relations will benefit not only the two countries but also peace in Asia. China and India have a lot to learn from each other in many aspects.

Rajiv Gandhi stressed: Great changes have indeed taken place in the current international situation. However, there are still some pitfalls. The most fundamental problem is that of eliminating the basic factors of tension. Therefore, a new international political order should be established and containment should be replaced by peaceful coexistence.

Officials of the Indian side present at the talks included Foreign Minister Narasimha Rao, Minister of Commerce Dinesh Singh, Minister of Law and Justice and concurrently Minister of Water Resources Shankaranand, and Indian Ambassador to China Ranganathan.

Chinese Foreign Minister Qian Qichen, Minister of Metallurgical Industry Qi Yuanjing, Minister of Foreign Economic Relations and Trade Zheng Tuobin, Chinese Ambassador to India Tu Kuowei, and others attended the talks.

Following the government talks, Li Peng and Gandhi held a half-hour private conversation. Government talks continued in the afternoon.

#### RENMIN RIBAO Report

HK2012145088 Beijing RENMIN RIBAO in Chinese  
20 Dec 88 pp 1, 4

[Report by Liu Shuiming (0491 3055 2494): "Li Peng and Gandhi Hold Talks"]

[Text] Beijing, 19 Dec—This morning, State Council Premier Li Peng held official talks with Indian Prime Minister Gandhi in the Great Hall of the People. Premier Li pointed out: China and India are both Asian countries with time-honored civilizations, and are also the most populous developing countries in the world. Since the senior leaders of the two countries suspended their contacts more than 30 years ago, Prime Minister Gandhi is today leading the government delegation visiting China. This move itself should be praised.

When the talks began, Premier Li Peng first expressed the warmest of welcomes on behalf of the Chinese Government and the Chinese people to Prime Minister Gandhi from the great neighbor India. Premier Li hoped that with the joint efforts of both sides, Prime Minister Gandhi's visit to China would be completely successful.

Talking about the international situation, Premier Li said that major changes have occurred in the present world situation and a tendency toward detente has appeared. More and more people in the world now agree that a new international political and economic order should be established. This situation is favorable for the world's people, for all developing countries, and for both China and India.

Premier Li stressed: The five principles for peaceful coexistence jointly initiated by past Chinese and Indian leaders are now full of vitality. No matter whether



countries share the same social system or not, their state to state relations can only be handled according to these five principles. As the initiators of the five principles for peaceful coexistence, China and India should set an example in implementing these principles. In the 1950's, China and India had very friendly relations. Afterward, for reasons known to everyone, Sino-Indian relations worsened and conflict even occurred between the two countries. This was very unfortunate. We hope that such events will never occur again. Peace and development represent the trend in the contemporary world and we should comply with this trend. The improvement in Sino-Indian relations is not only beneficial to our two nations but also conducive to peace in Asia. There are many things that China and India can learn from each other.

When talking about bilateral relations, Premier Li said that the obstacle to the improvement of relations between the two countries remains the boundary issue. If both sides have sincerity and make unremitting efforts on the principle of understanding and accommodating each other, this issue can be settled.

Premier Li also said that the Chinese Government has noticed the principled position of past and present governments in India: Tibet is part of China; India will not interfere in China's internal affairs; India will not allow Tibetan splittists to carry out political activities in India aimed at splitting China. We appreciate this principled position by the Indian Government.

Prime Minister Gandhi said that major changes had occurred in the present international situation but that there were also some "traps." In the international situation the basic issue is to eliminate the fundamental factors that cause tension, so he agreed with Premier Li Peng's idea that a new international political and economic order should be established in the world. It is necessary to replace the concept of containment with the concept of peaceful coexistence. He said: The most difficult issue between China and India is the boundary issue. We should settle this issue through peaceful and friendly consultation. India has the determination to solve this issue through mutual benefit. He said that before this issue is settled, while maintaining peace and ensuring tranquillity on the border between the two countries, China and India can increase contacts and cooperation in other fields of their bilateral relations.

In the talks, Prime Minister Gandhi reiterated that the Indian Government will not change its policy toward Tibet. Tibet is an autonomous region of China and the Indian Government does not permit any political forces in India to engage in political activities harmful to China and construed as interference in China's internal affairs.

Prime Minister Gandhi thanked the Chinese Government for inviting him to visit China and extending friendly hospitality to him. He said: Undoubtedly, my

current visit to China will be an unforgettable one. He hoped that this visit would be the beginning of a new friendship in Sino-Indian relations.

The talks were conducted in a friendly atmosphere.

Those accompanying Prime Minister Gandhi on his visit included Indian Foreign Minister Narasimha Rao, Commerce Minister Dinesh Singh, and Justice and Water Resources Minister B. Shankaranand. Those on the Chinese side attending the talks included Foreign Minister Qian Qishen; Qi Yuanjing, chairman of the Chinese Government Reception Committee and minister of metallurgical industry; and Zheng Tuobin, minister of foreign economic relations and trade.

After the official talks, Premier Li Peng and Prime Minister Gandhi held private talks.

#### Delhi Report on Talks

BK1912125488 *Delhi Domestic Service in English*  
1230 GMT 19 Dec 88

[Text] India has told China that the two countries should work toward a solution of the boundary issue while at the same time working to expand and strengthen the bilateral relations. The Chinese side also agreed with this approach.

The AIR [All-India Radio] correspondent, Harish Segon, accompanying the prime minister reports from Beijing that this emerged at the plenary talks today where the Indian and Chinese delegations were led by their prime ministers Mr Rajiv Gandhi and Mr Li Peng. The two leaders were assisted by ministers and senior officials.

Briefing Indian newsmen about the talks, an official spokesman said Mr Gandhi underlined the need for maintaining peace and tranquillity on the India-China border. The two prime ministers referred to the great changes taking place in the world leading to relaxation of tensions. They agreed that the two countries need a peaceful environment for their economic development.

Our correspondent says that Mr Gandhi and Mr Li Peng held three rounds of consultations today covering bilateral and international relations. The ministers accompanying Mr Gandhi also met their counterparts separately.

Later, speaking at a banquet given in his honor, Mr Gandhi told the Chinese leaders that the boundary question between the two countries must be settled within a realistic time frame. He said India is prepared to proceed accordingly. The solution, he said, should be based on an understanding of each other's points of view and in our mutual interest and benefit to the peoples of the two countries.

The AIR's special correspondent, Manohar Takroo, reports that the Chinese prime minister also referred to the boundary issue earlier in his address at the banquet.

He said China hopes that there will be a fair and reasonable settlement of the question through friendly consultations in a spirit of mutual understanding and accommodation.

**Qian Qichen, Narasimha Rao Meet**  
*OW1912134488 Beijing XINHUA in English 1319 GMT  
19 Dec 88*

[Text] Beijing, December 19 (XINHUA)—China and India should embark on the road of improving their bilateral relations despite the existence of some differences and disputes, Chinese Foreign Minister Qian Qichen said here today.

During a two-hour talk with Indian Foreign Minister Narasimha Rao, Qian said the Sino-Indian relationship, as well as a new international political order, should be based on the five principles of peaceful co-existence.

Qian said China appreciates and supports the South Asian Association for Regional Co-operation and hopes that the organization will play an active role in the peace, stability and development of the South Asian region.

He said China also hopes that South Asian nations will co-exist in harmony and develop their relations on the basis of the five principles of co-existence.

Rao said he hopes that India and China can establish a relationship for regular dialogues, so as to promote co-operation between the two countries in various fields.

He said India is satisfied that the five principles of co-existence have been widely accepted throughout the world.

Talks were also held today between Chinese Foreign Economic Relations and Trade Minister Zheng Tuobin and Indian Commerce Minister Dinesh Singh, Justice Minister Cai Cheng and Indian Justice and Water Resources Minister B. Shankaranand, and Vice-Minister of the State Commission for Restructuring the Economy He Guanghui and Special Secretary to the Prime Minister M. S. Ahluwalia.

**Paper on Qian-Rao Meeting**  
*HK2012103688 Beijing RENMIN RIBAO in Chinese  
20 Dec 88 p 4*

[Report by correspondent An Guozhang (1344 0948 4545): "Chinese and Indian Foreign Ministers Hold Talks"]

[Text] Beijing, 19 Dec (RENMIN RIBAO)—Foreign Minister Qian Qichen and Indian Foreign Minister Narasimha Rao held talks this afternoon to exchange views on bilateral relations and international issues of common concern.

Foreign Minister Qian said: As the initiators of the five principles of peaceful coexistence, China and India should build their relations on the basis of those principles and set an example to the world community in this regard. China and India should embark on the road to improving their bilateral relations despite the existence of some differences and disputes. The current visit to China by Prime Minister Rajiv Gandhi plays an important role in improving bilateral relations. He said: the current international situation has moved from confrontation to dialogue and from tension to relaxation. Continued efforts to establish a new international order should also be based on the five principles of peaceful coexistence.

Qian Qichen reaffirmed: China appreciates and supports the South Asian Association for Regional Cooperation and hopes that the organization will play an active role in the peace, stability, and development of the South Asian region. In other words, China hopes that South Asian nations will coexist in harmony and develop their relations on the basis of the five principles of peaceful coexistence.

Foreign Minister Rao said: Rajiv Gandhi's visit to China is a historic event in relations between India and China. He hoped that the current visit would decisively promote the development of bilateral relations and also hoped that India and China would establish a relationship for regular dialogue to promote cooperation between the two countries in various fields.

Rao pointed out: India is very satisfied that the five principles of peaceful coexistence have been widely accepted throughout the world.

The two sides exchanged views on international issues of common interest.

Talks were also held this afternoon between Chinese Foreign Economic Relations and Trade Minister Zheng Tuobin and Indian Commerce Minister Dinesh Singh; Justice Minister Cai Cheng and Indian Justice and Water Resources Minister B. Shankaranand; and between Vice Minister in Charge of the State Restructuring of the Economic System Commission He Guanghui and Special Secretary of the Office of the Prime Minister M.S. Ahluwalia.

**Li Peng Speaks to Press on Ties**  
*OW1912152788 Beijing XINHUA in English 1449 GMT  
19 Dec 88*

[Text] Beijing, December 19 (XINHUA)—The improvement and development of Sino-Indian relations will not affect China's relations with other South-Asian nations, Chinese Premier Li Peng said today.



China enjoys "very friendly" relations with South Asian nations, the Chinese premier said when interviewed by Indian and Chinese journalists earlier this evening, prior to hosting a banquet in honor of visiting Indian Prime Minister Rajiv Gandhi.

"Differences and problems do exist between countries of South Asia," Li added. "However, we hope these problems will be settled through peaceful and friendly negotiations in accordance with the five principles of peaceful co-existence."

In response to a question on the idea of establishing a new international political order promoted by Chinese leaders, Li Peng defined the new order as one in which countries handle their relations in line with the five principles of peaceful co-existence.

The five principles are mutual respect for each other's territorial integrity, mutual non-aggression, mutual non-interference in each other's internal affairs, equality and mutual benefit, and peaceful co-existence.

As these principles were initiated by Chinese and Indian leaders, Li said, China and India should make joint contributions to establishing such a new international political order.

He described Prime Minister Gandhi's visit as "a concrete action" in carrying out the principles. "I expressed my admiration for this," he added.

The Sino-Indian border issue, the Chinese premier said, is indeed a major problem in relations between the two countries, but "the visit to China by Prime Minister Gandhi will create a good atmosphere, and maybe a good beginning, for the settlement of the boundary issue in the future."

Li Peng said he and the Indian prime minister had "very long talks" today, which will be continued throughout the visit.

Li Peng also reaffirmed China's consistent position on the Kampuchean issue to the Indian leader.

#### **More on Li Remarks to Reporters**

HK2012071988 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1500 GMT 19 Dec 88

[Report by reporter Li Wei (2621 0251): "Li Peng Says All Sides Can Gradually Reduce Military Support to Cambodia in Step With the Tempo of Vietnamese Troop Withdrawal"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 19 Dec (ZHONGGUO XINWEN SHE)—In reply to a question raised by an Indian reporter this evening, Chinese Premier Li Peng

expressed a new concept on the Cambodian issue—gradually reducing military support to Cambodian resistance forces in step with the tempo of Vietnamese troop withdrawal.

He said: The key to the solution of the Cambodian issue lies in Vietnam pulling out its troops from Cambodia. If Vietnam withdraws its troops, all sides, including China, should suspend military support to all parties in Cambodia. To set the mind of the international community at rest, all sides may even gradually reduce such military support in step with the tempo of the troop withdrawal.

He stressed: Cambodia should set up a quadripartite coalition government headed by Prince Norodom Sihanouk, in which all parties are indispensable. To explain his viewpoint, he cited as an example the need to renegotiate the Afghan issue because of the lack of one party.

In answer to questions on whether an improvement in Sino-Indian relations would affect China's relations with other nations in southern Asia, Li Peng said: China has very friendly relationships with all countries in southern Asia. The development of and improvement in Sino-Indian relations will not affect China's relations with South Asian nations. There are indeed some problems and differences among nations in southern Asia and it is hoped that these can be resolved according to the five principles of peaceful coexistence and through friendly consultation.

On the question of how to assess the timing of and the prospects for solving the Sino-Indian border issue, Li Peng said: The Sino-Indian border dispute is indeed a major issue affecting the relationship between the two countries. Prime Minister Rajiv Gandhi's visit has created a good beginning for the future solution of this issue. He also confirmed that the prime ministers of the two countries had discussed many issues, including various mechanisms to reduce tension. Because the talks are still going on it is not advisable to disclose too early something on which complete agreement has not been reached. This has been agreed upon by the two prime ministers.

Li Peng was interviewed by reporters before the welcoming banquet held in honor of Rajiv Gandhi's visit to China.

#### **RENMIN RIBAO on News Conference**

HK2012134888 Beijing RENMIN RIBAO in Chinese  
20 Dec 88 p 1

[Report by correspondent An Guozhang (1344 0948 4545): "Li Peng Holds News Conference"]

[Text] Beijing, 19 Dec (RENMIN RIBAO)—This afternoon State Council Premier Li Peng held a news conference in the Great Hall of the People to answer questions raised by Chinese and foreign journalists,

When answering the question of whether the improvement of Sino-Indian relations will affect China's relations with other South Asian nations, Premier Li Peng stressed: China enjoys very friendly cooperative relations with South Asian nations. The improvement and development of Sino-Indian relations will not affect China's relations with South Asian nations. Differences and problems do exist between countries of South Asia. However, we hope that these problems will be settled through peaceful and friendly negotiations in accordance with the five principles of peaceful coexistence.

A reporter asked: What did China mean when putting forward the idea of establishing an international political order? What role should India play?

Li Peng said: The new international political order is one in which countries handle their relations in line with the five principles of peaceful coexistence. These principles were initiated by Chinese and Indian leaders. Therefore, China and India should make their own contributions to the establishment of such an order. Prime Minister Rajiv Gandhi's visit is a concrete action in carrying out these principles. I express my admiration for this.

In response to a question on the Sino-Indian border issue Premier Li Peng said: The border issue is indeed a major problem that has a bearing on relations between the two countries. The visit to China by Prime Minister Gandhi will create a good atmosphere and is a good beginning for settlement of the boundary issue in the future. Today, the prime ministers of the two countries had very long talks on the issue which will be continued throughout the visit. To create a sound climate for the coming talks, I will not give you concrete answers. Please excuse me for that.

On the Cambodian issue, Li Peng said: We support establishing a four-party coalition government in Cambodia headed by Sihanouk. No single one of the four parties can be dispensed with. China agrees to international supervision and the dispatching of international peace-keeping forces. If Vietnam withdraws its troops from Cambodia, all parties concerned, including China, should halt military assistance to all parties concerned in Cambodia. The world community can rest assured that as the Vietnamese troop withdrawal progresses, we will gradually reduce our military aid to Cambodia. China has never sought any interests of its own in Cambodia.

#### **Delhi Reports Li Remarks**

BK2012031588 Delhi Domestic Service in English  
0240 GMT 20 Dec 88

[Text] The Chinese prime minister, Mr Li Peng, has said that Mr Rajiv Gandhi's visit to China will create a good atmosphere for the settlement of the boundary issue in future. He did not divulge any details saying that talks on the issue are still going on. Speaking to newsmen in

Beijing, Mr Peng indicated that an improvement in China's relations with India will not affect its relations with other South Asian countries.

On Kampuchea, the Chinese prime minister said there must be a four-party government headed by Prince Sihanouk. He supported the setting up of an international control commission on Kampuchea as also deployment of an international peacekeeping force there.

On the first day of his 5-day visit to China, the prime minister, Mr Rajiv Gandhi, and his Chinese counterpart met three times and discussed a wide range of subjects. They met once without aides.

On the boundary issue, the two sides agreed that while attempts are underway to settle it, efforts should also be made to strengthen bilateral relations. Mr Gandhi expressed India's deep concern over the issue to the Chinese premier and said it must be solved within a realistic timeframe.

One of the topics to come up at yesterday's talks was the situation in Tibet. India reaffirmed its stand that Tibet is an autonomous region of the Chinese republic.

Mr Rajiv Gandhi called on the Chinese president, Mr Yang Shangkun, this morning at the Great Hall of the People. The AIR special correspondent, Manohar Takroo, reports that Mr Yang is the second top-ranking leader whom Mr Gandhi met. Mr Gandhi also visited one of the most ancient monuments in Beijing—the Temple of Heaven.

#### **Beijing Banquet Honors Gandhi**

OW1912134788 Beijing XINHUA in English 1322 GMT  
19 Dec 88

[Text] Beijing, December 19 (XINHUA)—Chinese Premier Li Peng hosted a banquet in honor of visiting Indian Prime Minister Rajiv Gandhi, Mrs. Sonia Gandhi and his party in the Great Hall of the People here this evening.

In his toast, Li Peng said China always maintains and sincerely hopes that there will be a fair and reasonable settlement of the outstanding boundary question between China and India through friendly consultation in a spirit of mutual understanding and mutual accommodation.

"We are confident that China and India, being initiators of the five principles of peaceful coexistence, can bring about a sound development of Sino-Indian bilateral relations on the basis of these principles," Li added.



In his toast, Rajiv Gandhi said "it is now time to restore the relationship between our countries." He expressed the wish to follow the five principles of peaceful coexistence in resolving the problems between the two countries.

"We must find an enduring solution to the problem, based on an understanding of each other's point-of-view, which will be in our mutual interest," he said. He was confident that the boundary question will be settled amicably.

Present at the banquet were Zhu Lin, wife of Premier Li Peng; Wu Xueqian, vice-premier; Zhou Gucheng, vice-chairman of the Standing Committee of the National People's Congress; and Zhou Peiyuan, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference.

#### Li Peng Addresses Banquet

HK1912160688 Beijing XINHUA Hong Kong Service  
in Chinese 1450 GMT 19 Dec 88

[Text] Beijing, 19 December (XINHUA)—Premier Li Peng said here today that China and India should develop good-neighbor and friendly relations in accordance with the five principles of peaceful coexistence.

Speaking at a banquet in honor of Indian Prime Minister Rajiv Gandhi this evening, Li pointed out that Indian prime minister's current visit is "a major event in the relations between China and India."

After reviewing the history of the friendly exchanges between the two peoples, Li Peng said the very friendly relations China and India enjoyed after the independence of India and the founding of new China have left the people of the two countries with fond memories.

Li said: "In the 1950s, leaders of our two countries jointly initiated the famous five principles of peaceful coexistence, which represents a great contribution to contemporary international politics by our wisdom, the wisdom of the nations in the East. Ever since their establishment, these principles have displayed great vitality, and they have now been widely accepted by the international community as fundamental principles governing international relations."

He said: "International practice over the past three decades or more has repeatedly proved that so long as they observe the five principles of peaceful coexistence, countries with different social systems or not can live in harmony and engage in friendly cooperation with one another; otherwise, smooth development of relations between them is hardly possible, and conflicts may even occur."

Li pointed out: "China and India are close neighbors and also the most populous developing countries in the world. Each is confronted with an arduous task of developing its economy and improving its people's livelihood."

Li said: "To develop good-neighbor and friendly relations between China and India is not only in the fundamental interests of our two peoples, but also conducive to peace in Asia and in the world as a whole."

The great poet Tagore said: There are numerous passageways between China and India, and peoples of the two countries must widen them and smooth them out and ensure that they are unblocked so that we can have closer contacts. We must exert concerted efforts toward this goal.

He believed that the two peoples should jointly strive for the goal of closer interflow.

Li said: "Sino-Indian relations have improved in many fields in recent years. We look forward to a further improvement of our bilateral relations with the impetus of Your Excellency's current visit. We always maintain and sincerely hope that there will be a fair and reasonable settlement of the outstanding boundary question between our two countries through friendly consultation in a spirit of mutual understanding and mutual accommodation. We are confident that China and India, being initiators of the five principles of peaceful coexistence, can bring about a sound development of Sino-Indian bilateral relations on the basis of these principles."

On traditional friendly relations between China and South Asian countries, Li said: "China appreciates these countries' progress in their joint efforts to strengthen regional cooperation. It is our sincere hope that they will handle their relations with one another and develop mutually beneficial cooperation in accordance with the five principles of peaceful coexistence."

Speaking of the current international situation, Li pointed out: "Recently, positive changes have been noted on the international scene. Hot spots are generally cooling down. There is a clearly strengthened momentum for political settlement of regional conflicts through dialogue and consultation. A world trend has emerged in which confrontation gives way to dialogue and tension to relaxation. So prospects for peace look brighter than ever before."

He said, "All this stems from the persistent endeavor of the world's people. This hard-won result merits double care. China is ready to work together with other countries in the world and our Asian neighbors in particular for the maintenance of peace in Asia and in the world as a whole and for the establishment of a new international political order on the basis of the five principles of peaceful coexistence."

**Gandhi Speaks at Banquet**

OW1912154888 Beijing XINHUA in English 1530 GMT  
19 Dec 88

[Text] Beijing, December 19 (XINHUA)—Indian Prime Minister Rajiv Gandhi said that it is time to look forward at a banquet given in his honor by Chinese Premier Li Peng here this evening.

"It is now time to look beyond the past. It is now time to look forward to the future. It is now time to restore the relationship between our countries," he added.

The visiting prime minister lauded the "decisive contributions" the Indian and Chinese peoples made to human progress, saying that "we have given the world both knowledge and wisdom."

After India and China rose to freedom and independence, "together we sought to foster the resurgence of post-colonial Asia. From the Asian relations conference to Bandung, we spoke with one voice, demanding equality for all nations, justice for all peoples, and peace for all time. We sought together to extend the area of peace in Asia and elsewhere. We worked together to provide through peaceful co-existence a solid foundation for peace and security so that fear and apprehension would give place to feeling of confidence."

But differences over the border led to "unfortunate events that strained our relations," Gandhi noted.

The relationship between India and China should be restored "to a level commensurate with the contribution which our civilizations have made to the world, to a level commensurate with the centuries of friendship between our countries, to a level commensurate with the contribution which today we must together make to the building of a new world order. Between us, we represent a third of humanity. There is much we can do together."

Speaking of the Panchasheela or the five principles of peaceful co-existence India and China jointly enunciated in 1954, Gandhi said, "We believe that the five principles of peaceful co-existence provide the best way to handle relations between nations. Bloc politics and spheres of influence lead only to conflict, sharpening international tensions."

He said, "As the world moves nearer to the principles which were jointly formulated by us three decades ago, we would wish to work with you in assisting the process down the right path and to the right conclusion. An India and a China at odds with one another would find it difficult to work together. An India and a China in harmony with one another could. I have come here to explore ways towards that end."

The India-China boundary issue has come to be a "major problem," Gandhi pointed out, saying "it touches upon sentiments and feelings of our people. We do understand that it also touches upon sentiments and feelings in China."

"We must find an enduring solution to the problem, based on an understanding of each other's point-of-view, which will be in our mutual interest and to the benefit of both our peoples. Meanwhile, there is need of peace and tranquillity in the border areas. We are confident that the boundary question will be settled amicably."

The Indian prime minister congratulated China on its achievements in "devising innovative ways of modernizing its economy and society."

He also briefed his Chinese hosts on India's accomplishments in agriculture and industry, adding that as developing countries, India and China can learn from each other in many aspects.

He urged the two countries to speed up economic exchanges and develop technological co-operation.

"We need peace for development. Let us work together for peace among ourselves, peace in Asia, and peace in the world," he said.

Gandhi said his visit marks a new beginning for the development of bilateral relationship, stressing that "India and China seek an improvement in their relationship not only for their mutual benefit but also to provide the basis on which we can contribute to the building of a new world order."

**RENMIN RIBAO Reports Speeches**

HK2012140888 Beijing RENMIN RIBAO in Chinese  
20 Dec 88 p 1

[Report by An Guozhang (1344 0948 4545): "Li Peng Hosts Banquet in Honor of Gandhi"]

[Text] Beijing, 19 Dec—Tonight, State Council Premier Li Peng hosted a banquet in honor of Indian Prime Minister Rajiv Gandhi, his wife, and his entourage.

In his toast Li Peng said: After the passing of 34 years we are glad to welcome in Beijing the prime minister of our great neighbor India making an official visit to our country. This is undoubtedly a major event in relations between China and India.

Li Peng said: Historically, our two countries have had very friendly relations and this has left a nice impression in the minds of the Chinese and Indian people. In the 1950's, the leaders of China and India jointly initiated the famous five principles of peaceful coexistence, which have now become fundamental norms for guiding international relations.



He said, China and India are close neighbors and also the most populous developing countries in the world. Each is confronted with the arduous tasks of developing its economy and improving its people's living standards. To develop good-neighbor and friendly relations between China and India is not only in the fundamental interests of our two peoples but also conducive to peace in Asia, and in the world as a whole.

Li Peng pointed out: Sino-Indian relations have improved in many fields in recent years. We always hold and also sincerely hope that there will be a fair and reasonable settlement of the outstanding boundary question between our two countries, through friendly consultation in a spirit of mutual understanding and mutual accommodation.

When talking about the international situation Li Peng pointed out that some positive changes have recently occurred on the international scene and that peace prospects are brighter than at any time before. China is willing to join hands with all countries in the world, especially our Asian neighbors, in maintaining peace in Asia and in the world as a whole, and in building a new international political order on the basis of the five principles for peaceful coexistence.

In his response speech, Prime Minister Rajiv Gandhi said: Our two countries historically were on good terms with each other but due to the differences over the boundary issue, there has been a period of estrangement in our relations. Now it is time for us to look forward to the future and restore the relationship between our two countries. Like you, we also believe that the five principles for peaceful coexistence provide the best method of handling relations between nations. We hope that we will observe these principles when settling the problems between us. The boundary issue has become a major problem. We must find an enduring solution to the problem, based on an understanding of each other's viewpoint, which will be in our mutual interest and to the benefit of both our peoples.

In his speech Rajiv Gandhi highly praised our country's achievements in economic construction. He said: Your country has made many breakthroughs in devising innovative ways of modernizing the economy and society. Huge changes have occurred in the lives of the Chinese people.

Those attending the banquet included Li Peng's wife Zhu Lin, State Council Vice Premier Wu Xueqian, NPC Standing Committee Vice Chairman Zhou Gucheng and CPPCC National Committee Vice Chairman Zhou Peiyuan.

**Delhi Reports Banquet Speeches**  
BK1912163588 Delhi Domestic Service in English  
1530 GMT 19 Dec 88

[Excerpt] India and China have underlined the need to find a solution to the boundary question between the two countries. This emerged during the talks between the

prime minister, Mr Rajiv Gandhi, and his Chinese counterpart, Mr Li Peng, and at a banquet in Beijing today. AIR special correspondent Manohar Takroo reports from the Chinese capital.

[Begin Takroo recording] The main focus of the talks between the two prime minister was on means to make a new beginning to improve bilateral relations. The idea is that a better atmosphere will lead to finding a solution to the vexed boundary question also. But just because that issue remained outstanding, there is no reason why effort should not be intensified to have better relations in other areas where the two countries have a lot of commonality. Mr Rajiv Gandhi, however, left no one in any doubt about how strong the Indian people's feelings over the boundary issue are. He said the question must be settled amicably in a realistic time frame. On India's part, he said we are prepared to proceed accordingly. [end recording]

The Chinese prime minister also referred to the boundary issue earlier in his address at the banquet. He said China hopes that there will be a fair and reasonable settlement to the question through friendly consultations in a spirit of mutual understanding and accommodation. As initiators of five principles of peaceful coexistence they can bring about a sound development of the Sino-Indian bilateral relations on the basis of these principles.

Mr Li Peng recalled past happenings and said that after a hiatus of 34 years a visit to China by an Indian prime minister is without doubt a major event in their bilateral relations. He emphasized that the two countries enjoyed very friendly relations soon after India became independent and new China was founded. These relations, Mr Li Peng said, have left fond memories to both our people.

Describing South Asia as an important region, Mr Li Peng expressed China's hope that the countries of the area will develop mutually beneficial cooperation in accordance with the five principles of coexistence.

In his reply, Mr Rajiv Gandhi spoke of the age old ties between India and China and their work together to throw off the colonial yoke and foster resurgence of Asia. He said unfortunately, this phase was followed by a period of estrangement and differences over the border led to unfortunate event that strained our relationship. Now it is time to look beyond the past and restore relations commensurate with our centuries of friendship. India and China can work together in harmony. [passage omitted]

**Yang Shangkun, Gandhi on Tibet**  
OW2012092188 Beijing XINHUA in English 0848 GMT  
20 Dec 88

[Text] Beijing, December 20 (XINHUA)—Chinese President Yang Shangkun today briefed visiting Indian Prime Minister Rajiv Gandhi on the Chinese Government's policy toward Tibet.



During an hour-long meeting in the Great Hall of the People this morning, Yang told Gandhi that the central government helps the Tibetans take charge of their own affairs, helps Tibet overcome financial difficulties and develop education and culture in the Tibet Autonomous Region.

"We respect the religious beliefs and customs and habits of the Tibetan people, and they enjoy the freedom of religious belief," Yang said.

R. Gandhi reiterated the Indian Government's position that Tibet is an autonomous region of China and that India does not believe in interference in China's internal affairs.

There existed a good relationship between India and China in the past, Yang said, adding that the five principles of peaceful coexistence advocated by the late Chinese Premier Zhou Enlai and the late Indian Prime Minister Jawaharlal Nehru, represent important principles in handling international relations.

This also represents a great contribution made by both Zhou and Nehru, the Chinese president added.

The development of friendship between China and India, Yang went on, is conducive to peace and stability in Asia and the world as a whole. "The two countries should have friendly cooperation, learn from each other and draw on each other's experience," he said.

Speaking of the problems existing in bilateral relations, Yang held that so long as the two sides hold frank, sincere and friendly negotiations, solutions can be found to the problems.

Gandhi said that he had brought with him best wishes from the Indian people to President Yang Shangkun. Although both sides differ on a number of issues, he continued, they share much common ground. The two sides agree that the five principles of peaceful coexistence represent the best principles for global development and the [as received] mankind. India-China cooperation will help promote peaceful coexistence worldwide, he said.

He noted that he had good discussions with Chinese leaders and he was satisfied with the results of the talks. He hoped that his visit would serve to forge bilateral cooperation in various fields.

"This is also our hope," Yang said.

Chinese Vice Premier Wu Xueqian gave a luncheon for R. Gandhi and his party.

**More on Yang, Gandhi Meeting**  
*OW2012152288 Beijing Domestic Service*  
*in Mandarin 1030 GMT 20 Dec 88*

[From the "National Hookup" program]

[Text] During a meeting with Indian Prime Minister Rajiv Gandhi and his delegation in the Great Hall of the People in the morning of 20 December, President Yang Shangkun said: The five principles of peaceful coexistence advocated by the late Chinese Premier Zhou Enlai and the late Indian Prime Minister Nehru represent important principles in handling international relations. They also represent a great contribution made by both Zhou and Nehru. He said: The development of friendship between China and India is conducive to peace and stability in Asia and the world.

Yang Shangkun said: China and India are among those rare few countries with an ancient civilization in the world. The relationship between the peoples and governments of China and India was very good in the past. Their total population represents one third of the world's population. China and India should have friendly cooperation, learn from each other, and draw on the other side's strong points to offset one's own weaknesses. As for the problems existing between the two countries, solutions can be found for them so long as the two sides hold frank, sincere, and friendly negotiations.

Rajiv Gandhi said: Although both sides differ on a number of issues, we share much common ground in our viewpoints. The two sides agree that the five principles of peaceful coexistence represent the best principles for the development of the whole world and for all the mankind. Cooperation between China and India will help promote peaceful coexistence worldwide.

Touching on the Tibetan issue, Yang Shangkun said: The central government supports the cadres of Tibetan nationality to take charge of their own affairs in Tibet and helps the Tibet Autonomous Region solve financial problems and develop education and culture. We respect the religious beliefs and customs and habits of the Tibetan people. They enjoy the freedom of religious belief.

Rajiv Gandhi reiterated the Indian Government's position that Tibet is an autonomous region of China and that India will not interfere in China's internal affairs. He said that this time he had very good talks with Chinese leaders and that he is satisfied with the outcome of the talks. He hoped that this visit will lead to cooperation between the two countries in a number of spheres.

Yang Shangkun said: This is also our wish.

Foreign Minister Qian Qichen and others took part in the meeting.

At noon, Vice Premier Wu Xueqian met and feted Prime Minister Rajiv Gandhi at the (Hepingmen) Roast Duck Restaurant.

Prime Minister Rajiv Gandhi and his wife also toured the Great Wall and Tiantan [the Temple of Heaven—FBIS] Park today.

#### **Delhi on Yang, Gandhi Talks**

BK2012141288 *Delhi Domestic Service in English*  
1230 GMT 20 Dec 88

[Text] The prime minister, Mr Rajiv Gandhi, had an hour-long meeting with the Chinese president, Mr Yang Shangkun, in Beijing today. Mr Gandhi told the president that he had good and satisfactory discussions with Chinese leaders and expressed the hope that his visit will serve to forge bilateral cooperation in various fields. The prime minister also told Mr Yang that he has brought with him the best wishes of the Indian people to China. He said both sides differ on a number of issues, but they also share much common ground.

President Yang felt that the two countries should have friendly cooperation and learn from each other's experience. The two leaders also discussed the situation in Tibet.

Our Southeast Asia correspondent, Dipanker Mukhopadhyay, reports from Beijing that coinciding with the visit of Mr Rajiv Gandhi, direct dialing service is commencing from today between telephone subscribers of New Delhi and China.

#### **CHINA DAILY Commentator on Visit**

HK2012060888 *Beijing CHINA DAILY in English*  
20 Dec 88 p 4

[By CHINA DAILY commentator: "Gandhi's Visit"]

[Text] Indian Prime Minister Rajiv Gandhi's visit to China starting today is a major event of high significance in developing Sino-Indian relations.

This is the first official visit by a head of the Indian Government to China in 34 years since Gandhi's grandfather, the late Prime Minister Nehru, came to Beijing in 1954.

During his four-day stay, Gandhi will talk with top Chinese leaders about bilateral relationships and international issues as well as those of mutual concern.

The two sides are expected to sign agreements on bilateral economic, cultural and scientific co-operation.

Gandhi's visit is viewed more as part of the effort by both countries to increase mutual understanding and trust on the basis of peaceful co-existence rather than a step that will bring about instant dramatic changes in Sino-Indian relations.

As the world's two most populous nations and two major countries in Asia, China and India have an unshakable responsibility in maintaining world peace and regional stability.

Back in the 1950s, leaders of both countries jointly initiated the Five Principles of Peaceful Co-existence with other countries. These include mutual respect for national sovereignty and territorial integrity; mutual non-aggression; non-interference in each other's internal affairs; equality and mutual benefit; and peaceful co-existence.

For more than three decades, these principles have become the most tested guidelines in handling bilateral relations between nations with either the same or different social and political systems.

#### **Issues**

The Prime Minister's visit will surely provide an opportunity to discuss various issues in the spirit of these principles.

The demarcation of the 1,700-kilometre-long Sino-Indian border has remained a major issue since the two countries fought a bloody war in 1962. This tragic incident has cast a heavy shadow over their relations.

Settlement of the issue requires statesmanship and political wisdom on both sides.

Mutual understanding and accommodation should serve as the fundamental basis for the final solution. The world has changed so drastically and people have learned so much from past experience that any intention to impose one's position upon the other regardless of historical factors and each other's national feelings will prove harmful.

As the two largest developing countries, both China and India face pressing tasks in economic development. There are a hundred reasons for us to be friends and not a single one to be antagonists.

The two countries could at least maintain peace and stability in the border area and at the same time explore every possible way of co-operation for the benefit of both nations.

The Chinese people have always had friendly feelings for the people of India and those of other South Asian nations. It is our sincere hope that the people in this part of the world will live in harmony, be good neighbours and solve their disputes and problems solely through peaceful means.



Improvement of Sino-Indian relations will certainly not affect existing good neighbourly relations between China and other South Asian countries. On the contrary, it will be a contribution on our part to peace and stability in this region.

Gandhi's visit is a positive reaction to China's repeated invitations. If the two sides "seek common grounds while reserving their differences," as an old Chinese saying goes, it is hoped that not only progress will be made in economic and cultural exchanges, but favourable conditions will also be created for a major breakthrough in their bilateral political relations.

#### Indian Newspapers Cited

OW2012101288 Beijing XINHUA in English 0808 GMT  
20 Dec 88

[Text] New Delhi, December 20 (XINHUA)—Indian newspapers today frontpaged Prime Minister Rajiv Gandhi's arrival in Beijing and his talks with Chinese Premier Li Peng with bold headlines.

THE HINDUSTAN TIMES said in a report from Beijing that the trend of two rounds of talks on Monday between Gandhi and Li Peng revealed a keen desire on both sides to forget past differences and rebuild the centuries-old relations on the solid foundation of peaceful coexistence, so that fear and apprehension would give place to a feeling of confidence.

THE HINDU noted that the neighborliness and comparable situations of the two countries, and the bright prospects of working in cooperation and harmony through restructuring [as received] and restoring the relationship to a sound level and through making "a new beginning" came in for mutual emphasis.

However, most of the newspapers here stressed in their headlines a time-bound border situation.

THE INDIAN EXPRESS said embarking on a trip to defrost ties with China, Gandhi on Monday told his hosts that it is time to look beyond the past, but they must settle the contentious boundary question within a realistic time frame.

THE STATESMAN said the two countries agreed that they need peace along their border to concentrate on bettering the lot of their people, who account for two-fifths of humankind.

**Dialed Telephone Service With India Slated**  
OW1912235188 Beijing XINHUA in English 1635 GMT  
19 Dec 88

[Text] New Delhi, December 19 (XINHUA)—International subscriber dialed (ISD) telephone service between India and China will be formally introduced from December 21, according to a press release published here today.

International telecommunications between China and India were started more than 40 years ago with the establishment of a direct public telegraph circuit between India and Shanghai by high frequency radio.

Telephone service was started through high frequency medium in March 1955 and telex service from 1978.

**Potential Technology Transfer With India Studied**  
OW1912140788 Beijing XINHUA in English 0807 GMT  
19 Dec 88

[Text] New Delhi, December 19 (XINHUA)—There is great potential for two-way technology transfer between India and China, said a study published here today.

The study, conducted by the center for studies on technology and trade here, said that since both countries have sizeable networks of specialist science and technology bodies the scope for undertaking joint consultations and studies could be explored for mutual benefit.

The two countries have exchanged various official delegations over the last few years to explore areas of cooperation.

Both countries have acquainted themselves with the progress made by each other in areas like computers, agricultural education, cultivation and production of natural medicines, hand-knit carpet industry, plasma physics, laser technology, instrumentation and radio astronomy.

According to the study, India has shown special interest in respect of irrigation and water management as well as of cotton germ-plasm resources and hybrid breeding techniques of China.

Areas in which mutual information exchange and technology cooperation are possible include energy planning, rural energy, nuclear energy for civilian purposes, underground coal gasification and coal transportation through pipelines, the study said.

**Friendship Group Official on Ties With India**  
OW1712140688 Beijing XINHUA in English  
0644 GMT 17 Dec 88

[Text] Beijing, December 17 (XINHUA correspondent Yang Guoqiang)—The friendship between the Chinese and Indian peoples has been given new incentive in recent years and contacts between the two peoples through friendship-promoting organizations are increasing.

In an exclusive interview with XINHUA, Li Tonglian, an official from the Chinese People's Association for Friendship With Foreign Countries (CPAFFC), said that China and India represent the two neighboring countries in Asia with the largest populations and most ancient civilizations.



Li noted that in recent years scores of Indian members of parliament, professors, businessmen, entrepreneurs and journalists have regularly visited China.

The All-Indian Dr. Kotnis Memorial Committee (named in honor of an Indian doctor who died while helping the Chinese revolution), the India-China Friendship Association and the India-China Society have also sent delegations to China, Li went on to explain.

These organizations held symposiums and public lectures and published special magazines and showed Chinese films in India in order to make the Indian public more familiar with China's achievements, he added.

Li said that the CPAFFC, China's largest unofficial friendship-promoting body, also sponsored receptions to commemorate noted figures in Indian cultural circles such as the Poet Rabindranath Tagore and introduced Indian literature and films to Chinese audiences.

Delegations headed by CPAFFC leaders also visited India and made many Indian friends from all walks of life, he explained, adding that "these activities have helped promote friendly relations between the two peoples."

Li pointed out that Sino-Indian people-to-people relations could be traced back 2,000 years and the ties were specially embodied in the Indian National Congress Medical Mission, which came to the aid of China in 1938.

He called the mission "a monument to the history of Sino-Indian friendship," and stressed that the Chinese people will never forget the support given by the Indian people during the war of resistance against Japan and the work of the mission's five staff doctors, M. M. Atal, M. R. Cholkar, D. S. Kotnis, B. K. Basu and D. Mukejee.

Doctors Kotnis and Basu went directly to the front lines to tend the wounded and run model hospitals, Li emphasized, and Dr. Kotnis gave his life in the service of the Chinese people.

He said that Dr. Basu spent five years in China and in 1943 he sponsored the All-India Dr. Kotnis Memorial Committee for Promoting India-[words indistinct].

In 1974, Dr. Basu sent a delegation to China, restoring the people-to-people contacts between China and India, which had been interrupted since 1962, Li said.

He said that although 50 years [words indistinct] people have kept in mind the heroic deeds of the five doctors and a memorial hall to Dr. Kotnis and monuments to Dr. Atal and Dr. Basu have been built in China.

This year a book entitled "A Monument to the Sino-Indian History of Friendship" was published in China commemorating the Indian medical mission, Li added.

"On the eve of Indian Prime Minister Rajiv Gandhi's visit to China, we hope that the visit will turn out to be a fruitful one, that bilateral relations will be enhanced, and that the friendship between our two peoples will be strengthened," Li concluded.

**Election of New Sri Lankan President Noted**  
*OW2012125888 Beijing XINHUA in English*  
1231 GMT 20 Dec 88

[Text] Colombo, December 20 (XINHUA)—R. Premadasa, prime minister of Sri Lanka and presidential candidate of the ruling United National Party (UNP), was elected new president of Sri Lanka at the island's second presidential election held on Monday, December 19, according to the final polling results announced here this afternoon by the Sri Lanka Elections Commissioner.

**Deng Xiaoping, Zhao Ziyang Meet Military Leaders**  
OW2012122988 Beijing XINHUA in English  
1130 GMT 20 Dec 88

[Text] Beijing, December 20 (XINHUA)—Chinese Communist Party and state leaders Zhao Ziyang, Deng Xiaoping, Yang Shangkun, Li Peng, Qiao Shi, Hu Qili and Yao Yilin met with all the people attending an enlarged meeting of the Central Military Commission here today.

When Deng entered the Great Hall of the People he waved to the cheering crowd and shook hands with leading members of major military units.

The Chinese leaders also had a photograph taken with all those present.

The enlarged meeting of the Central Military Commission began December 12, with all members of the commission and leaders of major military units attending.

**Mao's Widow Freed From Jail for Medical Reasons**  
HK2012013588 Hong Kong SOUTH CHINA  
MORNING POST in English 20 Dec 88 p 1

[Text] Beijing: Mao Zedong widow Jiang Qing has been freed from jail and is being treated for throat cancer at a Beijing hospital, an official magazine said yesterday.

CHINESE YOUTH, a monthly publication of the Communist Youth League, made the disclosure in its latest edition in reply to a letter from an unidentified reader.

"Jiang Qing has been released for treatment of throat cancer," it said.

Jiang, a former Shanghai actress, was arrested with three radical allies, known as the Gang of Four, soon after the death of Mao in September 1976.

She was tried and sentenced to death—commuted to life in prison—for counter revolution and was blamed for some of the worst excesses of the 1966-1976 Cultural Revolution.

**LIAOWANG Discusses Tibetan Affairs**  
HK2012065588 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 51, 19 Dec 88 p 1

["Letter From Beijing" by Bao Xin (7637 0207):  
"Beginning With the Change of Secretary of the Xizang Autonomous Regional Party Committee"]

[Text] My Dear Elder Brother,

It has been learned that the CPC has appointed Hu Jintao, the former Guizhou provincial party secretary who is now in his prime, to take over the work of Wu Jinghua who resigned because of illness. This matter has

arrested the attention of the mass media abroad, and triggered off widespread comments. Certain people have even spread slanderous rumors.

There are some people in the world who always want to poke their noses into everything and deliberately sow dissension among the various nationalities in Tibet. Over the past several decades, our Han and Tibetan compatriots, PLA officers and men have made great contributions and sacrifices in order to defend the sacred territory of the motherland, and to build a happy and prosperous new Tibet. On the roof of the world, which is termed the third pole on earth, they carry out a struggle against the adverse natural environment, and promote construction under the harshest conditions. They must also fight against reactionary forces which assert "independence," and indulge in splittist activities. Their spirit of devotion and patriotic enthusiasm is praised by people of various nationalities throughout the country.

The Tibetan Autonomous Region has made great achievements over the past 30 years or so, and in the recent 10 years in particular. Nobody can negate this. We owe, first of all, these achievements to the PLA stationed in Tibet and the democratic reform carried out throughout the region. They have enabled the Tibetan people to become masters of their own affairs, rather than being slaves. Such major historical changes merit extraordinary attention. The number of cadres of the Tibetan nationality of emancipated serf origin accounts for more than 60 percent of the total number of cadres throughout the autonomous region. Their status in Tibetan society is obvious to all. They are working hard for the progress and prosperity of Tibet, and the happiness of the Tibetan people. What we should particularly emphasize here is that cadres of various nationalities from the interior, Han cadres in particular, are away from their own native places and relatives. They are living and working on the Tibetan Plateau where the air is thin. They work together with the Tibetan people to build a new Tibet. Their contributions will go down in history. In view of the current situation in Tibet, the support of various fraternal nationalities from the interior, and the support of Han brothers in particular, is indispensable. The development and construction of Tibet in the future will also be inseparable from the support and help of various fraternal nationalities from the interior, and Han brothers in particular. Cadres and masses of the Tibetan and Han nationalities must continue to go forward hand in hand, and carry out their hard struggle. The support for Tibet from various provinces, municipalities and autonomous regions in terms of technology, qualified personnel, and so on, is, of course, absolutely necessary. Such mutual support and help has fully demonstrated the brotherly affection of the people of various nationalities.

Reviewing history, we realize that just like other provinces and regions throughout the country, the Tibetan Autonomous Region was also affected by the ultraleftist line. Various kinds of mistakes were committed in the region. But we must not blame a certain cadre, or a

certain group of cadres. An individual, political party, or government cannot avoid making mistakes, or traversing a tortuous path. There are also twists and turns in the development of history. We must not always look backwards. On the contrary, we must unite as one to make progress. Recently, while talking about work in Tibet, responsible persons of the CPC Central Committee pointed out: Efforts must be made to mobilize the party, government and mass organizations (including the Buddhist Association [Fo Jiao Xie Hui 0154 2403 0588 2585], and so on) to form a broad patriotic united front. In the meantime, the party must be separated from government administration, so that they have their own role to play. The party leadership means that the party is responsible for the formulation of the major guiding principle and policies, and for recommending candidates for important posts. The government should concentrate their efforts on grasping the economy, culture, education and the improvement of people's livelihood. Other mass organizations such as trade unions, women's associations, the youth league and so on carry out their work independently in accordance with their own rules and regulations. In the meantime, we must give full play to the role of the CPPCC and the Buddhist Association.

Tibet is an inalienable part of Chinese territory. Any splittist action is not allowed by state law. Independence, semi-independence, or independence in a disguised form will never be tolerated. Ten years ago, Deng Xiaoping said we could have direct dialogue with the Dalai Lama. We could talk about everything except independence. Recently, the Chinese Government pointed out again that the Dalai Lama could select the place for talks. He may select a certain place in China, in Hong Kong, or in a Chinese embassy or consulate in any country. If he thinks that it is inconvenient to hold talks in these places, he can freely select the place he likes. However, talks can only be held directly with the Dalai Lama, or persons who are truly qualified to represent him. But we will never hold talks with the representatives of the "government-in-exile." The Tibetan issue is purely a domestic affair of China's, and no foreign governments have the right to interfere. The desire of any country coveting Tibetan land will never be realized!

The riots in Lasha were engineered and instigated by a handful of splittist elements inside and outside Tibet. They tried to split Tibet from the big family of the motherland. This will never be allowed by law, or tolerated by the Tibetan people. Under the guidance of the guiding principles and policies of the CPC Central Committee, and the correct leadership of the Tibetan Autonomous Regional CPC Committee and the government, the Tibetan people, who are working actively and are supported by the broad patriotic united front and the powerful PLA, will certainly do an increasingly better job in carrying out construction in Tibet.

[Signed] Bao Xin

[Dated] 11 December

**CPC, State Council Urge Bumper Harvest**  
*OW2012092688 Beijing XINHUA in English*  
0156 GMT 20 Dec 88

[Text] Beijing, December 20 (XINHUA)—The Chinese Communist Party Central Committee and the State Council called for energetic efforts to ensure a bumper harvest next year and mapped out measures for speeding up agricultural production in a joint resolution released here today.

The 10 measures it put forward range from increasing agricultural investment, raising grain purchasing price, and devoting more work to farmland capital construction to carrying out an education campaign among farmers.

The resolution stressed that a boost in agricultural production is extremely important for checking price hikes and stabilizing the economic situation.

It said that the past decade saw a breakthrough in China's rural economy and a major turn for the better in its agricultural production.

However, it pointed out, in recent years there have been new fluctuations in grain production, a big drop in cotton output and instability in pig raising—all alongside a big increase in the demand for agricultural by-products.

As a result, the gap between demand and supply has widened, making agriculture, particularly grain production, a focus of concern for the entire party and people, it said.

To arouse peasants' enthusiasm for grain production, it said, the price of grain to be purchased by the state on a contract basis will be increased appropriately next year.

It called on central and local commercial departments to make efforts to organize grain wholesale markets so as to prevent price hikes and panic buying, and ensure normal grain transactions.

It reiterated the policy of providing chemical fertilizer and diesel oil in proportion to the amount of grain sold by farmers and said privileges in investment, bank loans, and goods for agricultural use will be offered to those provinces and autonomous regions that sell grain in bulk to other areas.

More funds will be put into agriculture next year, it said, especially investment in farmland capital construction, the proportion of money for agricultural use in the state budget, local agricultural funds and loans for agricultural production.

Starting next year, it said, governments at various levels should make special appropriations for the development of agriculture.



The resolution called for nationwide education drive over winter this year and spring next year in rural China on the overall situation so as to build up farmers' confidence in the reform and production.

On farmland capital construction, it urged farmers to renovate existing irrigation and water-conservation works, improve soil conditions, and plant more trees.

The resolution also emphasized the supply of such means of production as pesticide, plastic sheeting, diesel oil, and chemical fertilizers.

Priority should be given to raw material and energy supplies needed in the production of chemical fertilizers to ensure next year's planned output of 85 million tons, it said, adding that organic fertilizer should also be widely used as an important measure to develop agriculture.

It said meat, egg, and vegetable production should also be boosted, vegetable supplies to urban areas should be ensured, improved seed varieties should be promoted, and scientists and technicians encouraged to work in rural areas.

Village and township enterprises should be steadily developed, and their managerial methods and product quality should be improved. Collectively-run enterprises with the necessary conditions may practice the shareholding system, it said.

The resolution said the contract responsibility system based on household operation conforms to the level of productive forces in most areas and should be developed and improved. But, it added, a small number of places where conditions permit may help enlarge farmers' scale of production if the farmers are willing to co-operate.

It urged party committees and governments at various levels to strengthen their leadership in rural work and called on them to conscientiously implement the guiding principle of developing the national economy with agriculture as the foundation.

Describing the situation in rural areas as generally good, the resolution said problems arising from the reform and economic construction can be solved.

"It's absolutely possible for China to enjoy a bumper harvest next year and ensure steady agricultural development in the future," it said.

**Beijing Blames 'Dalai Clique' for Protest**  
HK2012043188 Hong Kong HONGKONG STANDARD  
in English 20 Dec 88 p 6

[By Fan Cheuk-wan]

[Text] Beijing has blamed "the Dalai clique" for the bloody demonstrations in which about 12 people may have been killed in Tibet on the 40th anniversary of the Universal Declaration of Human Rights.

Ms Chen Xin, deputy director of the State Council's Nationalities Affairs Committee, said yesterday that the riots would only hinder the coming direct talks between China and the Dalai Lama.

"They (the incidents) did no good to the talks. They will only create obstacles and an unfavourable atmosphere. It will increase the shadow over the talks," she said.

"He (the Dalai Lama) should reduce such (unfavourable) actions. If he is sincere, he should create a good atmosphere instead," Ms Chen said yesterday.

She said "the Dalai clique" had been "very noisy" abroad.

Her committee is one of the government departments involved in the preparation of the talks with the Dalai Lama. The party's United Front Department is also responsible for the matter.

After the riots, the official XINHUA NEWS AGENCY and Chinese television reported on the event and charged the Tibetan protesters of circulating pamphlets proclaiming independence for Tibet.

The Dalai Lama's exile-government in India responded promptly last week and said that direct talks were the only way to bring peace to the region.

Late October, the exile-government offered to Beijing that the talks could be held next month in Geneva.

Until now, Beijing had made no official response to the offer.

Some Chinese officials have emphasised that the Dalai Lama had not shown sincerity and that China did not feel easy about the Geneva proposition.

Ms Chen said that there had been no further progress on the talks.

"This is matter of mutual concern. Therefore, efforts have to be made on both sides. Contacts have been going on between us via our embassy in India," she said.

But she pointed out that Geneva was not the main issue "because we have promised the Dalai Lama that he can choose the venue."

**Article Views Progress Over Past 10 Years**  
OW2012005988 Beijing GUANGMING RIBAO  
in Chinese 2 Dec 88 p 1

[Article by Yu Guangyuan: "Great Progress and Brilliant Future"]

[Excerpts] [GUANGMING RIBAO editor's note] In December 10 years ago, the CPC held the 3d Plenary Session of the 11th CPC Central Committee, which was a

meeting of historical significance. Now 10 years have elapsed. To clearly understand the progress we made and the tortuous road we traversed during the past 10 years not only gives us full confidence in achieving complete success in our current reform, opening to the outside world, and socialist modernization but also enables us to avoid having to travel the past road again and to promptly eliminate age-old malpractices which still exist today. Accordingly, we are launching this special column "The Past Decade as I See It" and are soliciting articles in order to give people some inspiration. [end editor's note]

The 3d Plenary Session of the 11th CPC Central Committee was held from 18 to 22 in December 1978. Prior to the convocation of the session, a 36-day central work conference was held to make full preparations for the plenary session. Since the holding of the central work conference to the publication of this short article, 10 years have passed.

Looking back on the past 10 years, one can see what great and profound progress our country has made during the period! Ten years ago, no one could expect that our country could make such progress in economic development and no one could anticipate what we could say and do today. Ten years ago, all this was unimaginable. [passage omitted]

At present, people are uneasy about certain situations in society, and public opinion has expressed dissatisfaction about certain prevailing things. However, we must never have any doubts or vacillate about reform. Factual evaluation of the great progress made during the past 10 years and a firm belief in the brilliant future in the next 10 years enable us to overcome any possible doubts and vacillation. [passage omitted]

While making our utmost efforts to solve the most urgent problems at present, we should sum up our experience during the past 10 years and explore ways and means to firmly adhere to and deepen reform and to further promote our cause of socialist modernization. This is extremely important as we commemorate the 10th anniversary of the 3d Plenary Session of the 11th CPC Central Committee.

#### Ninth National Zhi Gong Dang Congress in Beijing

##### Li Ximing, Rui Xingwen Attend

OW1712055688 Beijing XINHUA Domestic Service  
in Chinese 1414 GMT 12 Dec 88

["Local Broadcast News Service"]

[Text] Beijing, 12 Dec (XINHUA)—An opening ceremony of the Ninth National Congress of China Zhi Gong Dang, whose members are mostly returned Overseas Chinese and intellectuals, was held this morning at the Great Hall of the People.

Li Ximing, Huang Hua, Rui Xingwen, Liao Hansheng, Gu Mu, Lei Jieqiong, and others attended the congress and extended warm congratulations on the convocation of the Ninth Congress of the Zhi Gong Dang.

Huang Dingchen, honorary chairman of the Zhi Gong Dang Central Committee said in his opening address that main tasks of the ninth congress are to mobilize and unite all comrades of the party to hold up the two banners of socialism and patriotism, actively participate in reform and national construction, and make contributions to rejuvenating the Chinese nation, reunifying the motherland, and building socialism with Chinese characteristics.

Rui Xingwen, member of the Secretariat of the CPC Central Committee, read congratulations from the CPC Central Committee. The congratulations expressed the hope that the Zhi Gong Dang would, like the other democratic parties, work alongside the CPC to enhance supervision over, and inspection of, corruption among party and government organs, and continually try to promote cooperation with one heart and one mind.

On behalf of the Eighth Central Committee of the China Zhi Gong Dang, Dong Yinchu, executive chairman of the presidium of the congress, delivered a work report entitled: "Love the Motherland and Brave Our Way Forward Under the Banner of Building Socialism With Chinese Characteristics."

##### Zhi Gong Dang Leader Profiled

OW1812031188 Beijing XINHUA in English  
0214 GMT 18 Dec 88

[Text] Beijing, December 18 (XINHUA)—Dong Yinchu, 73, was elected today new chairman of the Central Committee of Zhi Gong Dang (Party of Public Interest), one of the eight non-communist parties in China.

Founded in 1925, the party is mainly composed of returned Overseas Chinese and their relatives and intellectuals.

Born in Hefei City in east China's Anhui Province, Dong graduated from the Shanghai Jiao Tong University in 1938. Among his classmates were Chiang Weikuo, second son of Chiang Kai-shek, and Dr. An Wang, president of Wang Laboratories Inc. in the United States.

In 1939, he launched a newspaper in Indonesia. His paper spread anti-Japanese ideas and called on the local Chinese community to support the war of resistance against Japan which was going on in China.

After the Pacific war broke out, he was arrested and put into prison by the Japanese occupation army in Indonesia and was released only after the Japanese surrender.

He returned to China in 1947. After the founding of the People's Republic of China in 1949, he served as the vice-chairman of the Shanghai Commission of the China Council for Promotion of International Trade and chairman of the board of directors of the Shanghai Jianhua Company and contributed to the city's economic recovery.

He was elected chairman of the Shanghai Federation of Returned Overseas Chinese in 1979. Under his leadership, the federation helped the local government get back private houses for Overseas Chinese confiscated during the "Cultural Revolution" (1966-1976) and reverse unjust verdicts.

After becoming the chairman of the Zhi Gong Dang Shanghai Committee and vice-chairman of the party Central Committee, Dong put forward suggestions on enhancing the country's overseas publicity work which drew much attention from leaders of the Chinese Communist Party Central Committee.

Using his wide social connections, he has also contributed to the country's modernization program by introducing talented people and advanced technology and equipment to China. He donated 300,000 yuan to the construction of the returned Overseas Chinese mansion and a welfare fund for returned Overseas Chinese.

Since 1981, he has visited the United States, Canada, the Philippines, Japan, Norway and other countries, where he had extensive contacts with the Chinese communities.

He has successively served as vice-chairman of the Shanghai Municipal Committee of the Chinese People's Political Consultative Conference (CPPCC), acting chairman of Zhi Gong Dang Central Committee, member of the Sixth National Committee of the CPPCC and member of the Standing Committee of the Seventh National People's Congress.

#### Congress Closes 18 Dec

OW1812200788 Beijing XINHUA in English  
1552 GMT 18 Dec 88

[Text] Beijing, December 18 (XINHUA)—The Ninth National Congress of China Zhi Gong Dang, a party whose members are mostly returned Overseas Chinese, closed here today.

The eight-day congress, the largest of its kind in the history of Zhi Gong Dang (Party of Public Interest), examined and approved a report by the party's eighth Central Committee, revised the party's Constitution and elected its ninth Central Committee.

Dong Yinchu, newly elected chairman of the party, said the party's Central Committee will continue to take an active part in perfecting the multi-party co-operation

system and political consultative system under the leadership of the Communist Party of China, promote the construction of socialist democracy and legal system, strengthen party consciousness among its members.

He also pledged that Zhi Gong Dang party members will take an active part in the country's supervision work and the fight against corruption.

The ninth Central Committee will also organize investigations and studies of issues concerning the interests of returned Overseas Chinese and relatives of Chinese living abroad, and put forward suggestions to the government, the chairman added.

Founded in 1925, the Zhi Gong Dang is mainly composed of returned Overseas Chinese, their relatives, and representatives of those who have close links with Overseas Chinese. The party, with a total membership of over 8,400, is one of the eight non-communist parties in China.

#### Role of Democratic Parties Expands

HK1912024088 Beijing CHINA DAILY in English  
19 Dec 88 p 3

[By staff reporter Chang Hong]

[Text] The newly-elected Central Committee of the China Zhi Gong Dang (Party for the Public Interests) has urged its members to become watchdogs over corruption within the Chinese Communist Party and the government.

At its ninth national congress, which concluded yesterday in Beijing, party leaders said some members had joined the inspection groups set up nationwide to check the country's economy.

The party is one of the eight non-Communist political organizations in China. Most of its 8,400 members are returned Overseas Chinese and relatives of Chinese living abroad.

Yang Jike, one of six elected vice-chairmen told the congress yesterday that Chinese democratic party members are beginning to play a more active role in politics.

They are taking governmental posts, examining and supervising violations of laws by civil servants and party officials, and becoming more outspoken in criticizing wrong administrative policies, he said.

This activity has been slow in coming about as previous inadequate conditions had prevented democratic parties from participating much in State affairs.

However, the Chinese Communist Party is now encouraging the democratic parties to get more involved in government work, he said.



Dong Yinchu, 73, a noted activist of overseas affairs, was elected party chairman.

**Evaluation of Three Gorges Project Completed**  
*OW2012005588 Beijing GUANGMING RIBAO*  
*in Chinese 1 Dec 88 p 1*

[By reporter Zhai Huisheng]

[Text] Beijing, 30 Nov (GUANGMING RIBAO)—Today, for the first time, a public announcement was made on the progress achieved in evaluating the feasibility of the three gorges project on Chang Jiang. This project has drawn worldwide attention, but no decision has been made on its feasibility for a long time. Evaluation reports on the three gorges project, dealing with "overall planning and the water-level question" and "overall economic appraisal," were approved in principle after democratic discussions at the ninth meeting held by the project's leading group. The conclusion was: "It is better to build the project than not to build it. It is better for construction to start earlier than later. And it is suggested that a decision be made as early as possible." Up to now, evaluation work on 14 special topics has been completed. This work took 2 and 1/2 years and involved 412 experts, who worked in compliance with the guidelines contained in the instruction of the party Central Committee and the State Council, known as "Reevaluation of the Three Gorges Project." Accordingly, a feasibility study report on the construction of the three gorges project will be worked out and submitted as soon as possible to the leadership concerned for decision.

The above-mentioned two overall evaluation reports answered the question as to the advantages and disadvantages of building the three gorges project, a question people are concerned about: Because of its special geographical location and its immense scale, the project will certainly be of undeniably strategic importance and play a vital role in flood control, power generation, and navigation. It is an exceptional key water conservancy project capable of producing enormous multiple benefits. It is financially feasible and is within our country's capability. The three gorges project and the projects on the upper reaches and tributaries of Chang Jiang are all part of a program for harnessing and developing this river. They complement one another instead of replacing or rejecting one another. With regard to the appropriate water level for this project, the best projection is that the dam will be 185 meters high with a final normal water level of 175 meters and an initial normal water level of 156 meters. The construction plan adopted should call for "first-grade development work to be done, uninterrupted construction, water to be introduced at several stages for storage in the dam, and local residents to be moved away continuously from the construction site in order for the project to go on."

Pan Jiazheng, member of a division of the Chinese Academy of Sciences and chief engineer of the Ministry of Energy Resources, spoke on the studies and discussions conducted on the project on behalf of the leading group for evaluation of the three gorges project. He said: Most representatives believe that, from a long-term point of view, the three gorges project should be built. The difference in opinion is whether construction should be started early or at a later date.

The meeting also revealed some negative opinions. In the opinion of some representatives, the project requires a large investment. Especially during the first 12 years, there will be only input but no output. At present, our country is faced with economic difficulties and problems of shortage of funds, inflation, and a fairly high rate of price rises. Under the circumstances where the party Central Committee has decided to improve the economic environment, rectify economic order, and cut capital construction investment as the focus of work for the next 2 years, the three gorges project should not be started early so as to avoid creating a negative effect on short-term projects and aggravating the inflation problem. Other representatives said that in view of the price rises in the past 2 years, it was irrational to use prices from around the end of 1986 to make estimates in the economic appraisal report. With regard to these questions, however, most representatives said: The state should have an overall plan and long-term program rather than make short-term arrangements on such major issues as flood control and navigation in Chang Jiang and the location of energy-generating projects in central and eastern China. The three gorges project is not a nonproductive construction project, and the investment needed each year only accounts for a very small proportion of the GNP and the total capital construction investment. If we plan properly, construction of this project will not aggravate inflation and price hikes. Delay in construction will add to the difficulty in moving residents from the construction site and increase the investment required. In view of the rather high rate of price hikes this year, however, it is necessary to do as much analytical work as possible and to estimate the effect of price hikes on the cost of the project.

The leading group for the evaluation of this project proposed that in regard to the three gorges project, a sound overall plan be drawn up for the construction of the water reservoir area and for the moving of local residents on a trial basis at this time regardless of when the project will be started. In the meantime, the evaluation of the three gorges project cannot substitute for the Chang Jiang valley program. Instead, further efforts should be made to strengthen the soil conservation work on the upper reaches of Chang Jiang, map out flood-control plans for its middle and lower reaches, and grasp the preliminary work of building key reservoirs and hydropower stations on Jinsha Jiang and some of the tributaries of Chang Jiang.

**Reforms Put Pressure on Civil Affairs Departments**  
*HK2012112688 Beijing CHINA DAILY in English*  
20 Dec 88 p 1

[By staff reporter]

[Text] China's reforms are putting new kinds of pressures on civil affairs departments, Cui Naifu, minister of Civil Affairs said over the weekend.

The departments are having to face many new social changes, Cui said at a national civil affairs conference which opened in Beijing on Saturday.

These include a widening of the income gap, the problem of aged people, the employment of disabled people and the development of public welfare production under the administration of the ministry.

They also include changes of marriage problems and more jurisdictional disputes among local governments as the economy rapidly develops.

Cui said the departments are being called upon to promote grass-roots political democracy.

About 70,000 township governments and 840,000 village committees have replaced the integrated power system that existed in the people's communes 10 years ago.

But, some village committees are unable to operate efficiently, and others appear unable to operate at all, he said.

**Administrative Reform To Extend Downward**  
*HK2012112488 Beijing CHINA DAILY in English*  
20 Dec 88 p 4

[Text] China's reform of the administrative structure will focus next on local government, according to a national working conference on personnel held recently in Beijing.

Zhao Dongwan, head of the Ministry of Personnel, said at the conference that the reforms will begin at the provincial level next year, and be extended to the prefecture, municipality and county levels from 1990 to 1991. The reform at the township level will be considered after 1991, Zhao said.

So far, the structural reform of the State Council has gone smoothly, he said. The number of non-permanent organizations has been reduced from 75 to 44, and departments under State ministries have been cut by 20 percent.

The major steps which will be taken in the reform of the local administrative system are as follows:

Enterprises must be independent from the government. That is, local governments at all levels should delegate more management power to enterprises to stimulate local economy.

Generally speaking, provincial governments should not exert any direct control over enterprises. Municipal governments should change their traditional administration approaches to enterprises. And county governments should introduce more flexible operating mechanism of township enterprises into State-run enterprises.

Responsibilities of governments at all levels must be clarified. Power which belongs to the State must be centralized and protected from any kind of impairment. In the meantime, the State should give local authorities more decisionmaking power.

The defining of jurisdictions at all levels should create favourable conditions for those key cities which play an important role in regional economic construction.

**Function**

The major function of provincial governments is to plan regional economic development and exercise macro-regulation and control. Municipal governments should strengthen their supervision over the economy and their management of the market to create favourable conditions for the development of enterprises. and county governments should intensify their sense of service, helping develop the economy in rural areas.

Government organizations should be simplified. Specifically, institutions in charge of enterprises' economic affairs must be reduced or merged. Those non-permanent and administrative organizations operating under the signboard of "companies" must be rectified. Names and procedures of local governments at all levels should be gradually standardized.

The staff, especially those in unnecessary and non-permanent organizations must be reduced. The surplus staff should be properly arranged. and the number of official posts and ranks must be strictly limited.

Legislation is needed to maintain a normal and rational size for government bodies.

All these reform measures are aimed at establishing a rational, well-co-ordinated, and efficient administrative system, Zhao concluded.

The development of the civil service system is another important project in the country's reform of its personnel system, Zhao said.

In the next few years, the State will formulate a series of laws centering on the "Public Servant Law," Zhao said.



The civil service system, he said, will first be tried out in selected government departments, then implemented nationally.

To ensure the quality of civil servants, the State also plans to establish several colleges of administration, Zhao said.

**New Rocket Launched in Hainan 19 Dec**  
*OW1912190588 Beijing XINHUA in English*  
1546 GMT 19 Dec 88

[Text] Haikou, December 19 (XINHUA)—China's "Weaver Girl 1" rocket was successfully launched into space today, adding another accomplishment to the country's burgeoning space industry.

The rocket, named after a legendary Chinese figure, was launched from Hainan's space exploration rocket launch site on the west coast of this island province.

At around 9 o'clock in the morning, the milk-white rocket shot to the clear blue sky like an arrow, leaving behind dazzling amber flames.

The rocket's booster automatically left the head two minutes and 10 seconds later, when the rocket reached its designated altitude, and fell to a predetermined area in Beibuwan Bay about five minutes later. The rocket's capsule, carrying space exploration equipment, floated in the atmosphere for two-and-a-half hours before it fell to the ground 64 kilometers from the launch site.

The launch site headquarters reported excellent performance by all the equipment involved in the test—including the rocket itself, exploration equipment, and launching, radar-tracking, remote monitoring, data collecting and processing systems.

All data sent by the rocket's equipment during its flight were collected by ground receiving systems, according to the report.

The launch marks the first time that Chinese scientists have gained direct access to mid-layer atmospheric data in a low-latitude equatorial area.

Scientists at the launch site told XINHUA that the test has great significance for Chinese space research and technology and for promoting Sino-foreign space co-operation.

The test was the first official use of the new space exploration rocket, which was jointly made by the Chinese Academy of Sciences and the University of Defence Science and Technology.

Meteorologists, military officers, local government personnel and scientists from the ministry of aerospace industry also participated in the test.

**Drone Target Aircraft Production Progresses**  
*HK2012093688 Beijing GUANGMING RIBAO*  
in Chinese 30 Nov 88 p 1

[Report by correspondents Wang Defa (3769 1795 4099) and Cai Wei (5591 5588), and reporter Liu Bingqi (0491 0014 3823): "Northwest Industrial University Makes New Achievements in Research and Production of Drone Airplane"]

[Text] A drone aircraft rose high into the air from the deck of a warship. After climbing to a height of 4,000 meters it circled and dived in the air and then flew at minimum altitude according to schedule.... The warship's guns engaged it using "live ammunition." The training was successfully completed and the plane deployed its parachute and landed in the predetermined area of water. This was a scene in an exercise conducted by a certain formation of warships. The drone aircraft was one of China's first generation of B-9 drone shipboard target aircraft, made by Northwest Industrial University.

Recently, the Navy and the Ministry of Aeronautics and Astronautics Industry held a meeting in the Northwest Industrial University to appraise the quality of drone aircraft. The participating experts unanimously held that the shipboard target aircraft was reasonably designed and that the technology was advanced. It had filled a gap in our country's technological field. The aircraft's HS-350 engine reached the advanced international standard.

To strengthen the air defense capability of Chinese ships is an important measure in increasing the Navy's fighting capacity. On the other hand, the high-speed moving target is also important in training ship-to-air firing. Before the shipboard target aircraft was produced, this training was usually carried out using large land-based aircraft as targets. Thus expenses were very high and the warships could only cruise in coastal waters. It could not satisfy the needs of oceangoing training. Therefore, making a target aircraft that could take off from the ship and return to the sea became an important task for modernizing the Navy's training equipment. In March 1985, the Northwest Industrial University accepted the task of studying and producing the new target aircraft for the Navy. With the efforts of all the scientific research personnel this task was finally completed successfully.

**PLA To Issue Officer ID's 1 Jan 1989**  
*OW1912181688 Beijing XINHUA Domestic Service*  
in Chinese 1218 GMT 15 Dec 88

["Local Broadcast News Service"]

[Text] Beijing, 15 Dec (XINUA)—The PLA will start using officer and civilian cadre identification cards on 1 January 1989.



The General Staff Department, General Political Department, and General Logistics Department of the PLA issued a joint circular, saying: The two kinds of identification cards to be issued with the approval of the Central Military Commission will be credentials for active-duty officers and civilian cadres working in the Armed Forces. Both identification cards are rectangular in form, with a red plastic cover. A gilded army emblem is printed on the upper part of the plastic cover, the words "Chinese PLA Officer Identification Card" or "Chinese PLA Civilian Cadre Identification Card" on the middle part, and the title of the PRC Central Military Commission on the lower part.

The circular says: The issuance of the two kinds of credentials is aimed at strengthening the regularization of the Armed Forces and the management of military cadres.

**Li Peng, Yao Yilin Meet Inspection Groups**  
*OW1912182188 Beijing Domestic Service in Mandarin*  
*1030 GMT 19 Dec 88*

[Text] Premier Li Peng and Vice Premier Yao Yilin recently had an audience with inspection groups sent by the State Council to inspect investment in fixed assets in various parts of the country, and urged them to continue to assist the local authorities to liquidate their investment projects and study certain specific policy-related issues so that projects to be halted and postponed can be properly handled.

The ten groups sent by the State Council set forth to various parts of the country in late October and early November to check up on their investment in fixed assets. They returned to Beijing on 4 December.

During the past month or so, the groups inspected the way local authorities had been liquidating the unfinished construction projects and curtailing and realigning investment. They also helped some sluggish localities speed up carry out their plans. In addition to playing an supervisory and inspection role, the inspection groups have also accomplished a great deal of ideological work. Facts show that sending inspection groups to grass-root areas is a good way to liquidate the investment projects.

As observed from the situation reported by the inspection groups, various localities have achieved fairly good results in liquidating their construction projects over the past 2 months. Incomplete statistics show that, by the end of November, various parts of the country had halted and postponed 10,220 construction projects and cut investment by 33.4 billion yuan. However, because of many years of aggregated investment, the results that have been accomplished are only preliminary. Moreover, only a small number of the halted and postponed projects are unfinished construction projects or productive projects, and the liquidation of offices, auditoriums, and guesthouses was not thorough enough.

The State Council Leading Group in Charge of Liquidation of Investment in Fixed Assets maintained that great efforts must continue to be made to liquidate investment in fixed assets.

In accordance with the instruction made by leading comrades of the State Council, the inspection groups will again depart to various parts of the country to continue their inspection in late December.

**Article Views 1989 Economic Objectives**  
*OW1912203988 Hong Kong LIAOWANG OVERSEAS*  
*EDITION in Chinese No 50, 12 Dec 88 p 1*

["Letter From Beijing" by Bao Xin: "Next Year's Economic Objectives and the Conditions for Fulfilling Them"]

[Text] Dear friends:

The focus of attention in the mainland last week was the National Planning and Economic Structural Reform Conference called by the State Council. Officials in charge of economic work from all provinces and municipalities gathered in Beijing to discuss and arrange next year's economic development plan and structural reform measures.

The aim of the conference, an annual decisionmaking meeting, was to work out major policy measures. As an old Chinese saying goes, a whole year's work depends on a good start in spring. In the past, such conferences were held in the spring, or sometimes as late as in April or May because of complicated problems. Due to the considerable number of economic problems next year, the conference was convened ahead of time, in late November. This is a propitious sign showing that the ideological unity achieved in various aspects following the 3d Plenary Session of the 13th CPC Central Committee facilitated the early convening of the conference to discuss next year's major policy decisions.

At the conference's opening ceremony, the economic tasks for next year were further clarified. According to Premier Li Peng, the drive to improve the economic environment and rectify economic order is, in essence, an economic readjustment which, although not as grandiose as development, aims to solve problems by making a realistic approach. Unlike a grandiose plan for comprehensive economic development in all fields, the readjustment plan outlines measures to retain some projects and temporarily suspend certain partial operations so as to improve the environment, rectify order, and pave the way for steady economic growth in the next stage.

The conference also further specified next year's economic objectives. According to Vice Premier Yao Yilin's report at the conference, they are mainly: to readjust the industrial product mix in order to slow the excessive industrial growth rate and maintain a suitable growth of

the national economy; to increase supply through controlling demand in order to achieve a noticeable decrease in next year's retailed commodity price rise; to adopt diverse measures to boost agricultural production, especially to increase grain and cotton output; and to further expand foreign trade.

Fulfilling these objectives under the present circumstances is no easy task. Especially bringing inflation under control and developing agriculture have been two long-standing problems in recent years. What measures and conditions are currently available for fulfilling these objectives?

First of all, the leaders obtained a better understanding of the law on economic development and accumulated some experience for exercising macroeconomic control under conditions of microeconomic relaxation. In particular, they shared a rather reflective and unanimous view regarding the danger posed by an overheated economy. In the decade of reform, we have achieved tremendous concrete results and tempered the 1 billion people with rich practical experience in reform. To mark the 10th anniversary of the convening of the 3d Plenary Session of the 11th CPC Central Committee which adopted the decision to carry out the policy of reform and opening up, the CPC Central Committee will call a theoretical forum on the decade of reform this December so as to better summarize both positive and negative experiences in reform for reducing blindness and increasing awareness in economic development and reform.

Second, big advances have been made in the economy during the decade of reform. It is anticipated that the 1988 gross national product will be about 1,300 billion yuan, while that of 1978 was only 348 billion yuan. After a deduction to account for the inflation factor, the gross national product will increase by more than 100 percent. In 1987, China turned out 928 million metric tons of coal (ranking first in the world), 56.28 million metric tons of steel (ranking fourth in the world), 130 million metric tons of crude oil (ranking fifth in the world), 497.3 billion kwh of electricity (ranking fourth in the world), 400 million metric tons of grain (ranking first in the world), and 4.25 million metric tons of cotton (ranking first in the world). During this period, over 300,000 new capital construction projects were completed and put into operation and about the same number of technical transformation projects were carried out, adding a total of over 800 billion yuan of new fixed assets. So long as determined efforts are made and forces in all sectors are mobilized, it will not be difficult to solve problems.

Third, since opening China to the outside world, there have been more economic contacts with foreign countries. Total volume of exports increased by more than 300 percent to \$39.44 billion in 1987 from \$ 9.75 billion in 1978, while imports rose by nearly 300 percent to

\$43.21 billion from \$10,893 billion. As for export commodities, the proportion of primary products has gradually decreased while that of manufactured goods has grown to about 68 percent this year. From 1979 to 1987 the mainland absorbed \$62.5 billion of foreign capital for setting up Sino-foreign joint ventures, with \$37.5 billion actually utilized. Thanks to the implementation of the economic development strategy for coastal regions, this 320,000 square kilometer area has stepped up the introduction of foreign capital and advanced technology and strengthened economic ties with both foreign countries as well as China's interior. Shanghai has put forth and implemented the principle of utilizing foreign capital to achieve an economic take-off and transform Shanghai. Mayor Zhu Rongji has urged all enterprises to conduct various kinds of joint or cooperative ventures and maintain special connections with foreign firms to produce export commodities and explore ways to enter the international market and introduce advanced technology. So long as the economy develops along this direction, there will be more opportunities for economic relations with foreign countries. Given the domestic and international market, it should be easier to solve problems than a decade ago when the economy was in a closed and semiclosed condition.

Yours sincerely,

Bao Xin

5 December

#### **Economic Consolidation Yields Results**

OW2012051488 Beijing XINHUA Domestic Service  
in Chinese 1730 GMT 14 Dec 88

#### **["Local News Broadcast Service"]**

[Text] Beijing, 14 Dec (XINHUA)— According to data released by the State Statistics Bureau, the CPC Central Committee's measures for improving the economic environment and rectifying economic order have been initially carried out. Some abnormal economic conditions have been changed. Industrial production has begun to slow down. Some projects calling for investment in fixed assets have been either canceled or postponed. State revenue and savings deposits are also increasing. However, the excess money supply and quick price rises are still a salient problem.

China's average daily industrial output in November was 2.7 percent lower than the previous month. Examination of projects under construction has also yielded results. By the end of November, 9,597 projects, with a total investment of 36.85 billion yuan, had been either canceled or postponed. This will save 29.9 billion yuan.

The total value of retail commodities in November increased 23.5 percent from the same period last year. The institutional purchasing power has been somewhat controlled. Consumer goods sold to institutions



amounted to 5.5 billion yuan in November, an increase of 13.1 percent over the same period last year. Although prices have risen more slowly, they are still high. The index of workers' living costs in 32 large and medium cities in November rose 30.3 percent over the same period last year, but was 0.7 percent lower than the previous month's 31 percent.

According to customs' statistics, November saw a trade imbalance of 1.6 billion dollars, the largest monthly trade imbalance recorded this year.

The financial standing was better in November, with domestic state revenue growing 30.1 percent from the same period last year, while domestic expenditure increasing 6.8 percent. Although the expenditure was more than the revenue, the gap was lower than the same period last month. By the end of November, bank loans were 101.8 billion yuan more than early this year.

Consumption demand was still relatively great. Chinese workers' total wages increased 22 percent from the same period last year, with bonuses hitting a 31.5-percent increase. By the end of November, urban and rural residents' savings deposits were more than early this year.

**'Year-end Special Article' on Economic Reform**  
OW1912044588 Beijing RENMIN RIBAO in Chinese  
8 Dec 88 p 15

['Year-end special article' by the midterm planning research team for economic reform under the Development and Research Center of the State Council: "Reform Is Where the Hope of the Individual and of the Whole Nation Lies—Thoughts About Certain Major Problems of Economic Reform"]

#### [Text]On the Goal of Economic Restructuring

The conclusion that price reform must be sped up is logically drawn from the midterm goal of instituting a new system under which "the state regulates the market, and the market guides the enterprises." If this goal is not realistic, then price reform is not of urgent. Economic restructuring essentially should be carried out through coordinated reforms in the three interrelated aspects of enterprises, the market, and the macrocontrol system. The early appearance of a competitive market and a rational price system will be the key to the success of market-oriented reform. Thus a conclusion can be drawn from this: We cannot get around price reform, nor should we postpone it.

One view prevailing in theoretical circles is: In the initial stage of socialism, because of various limitations, it is impossible to achieve the goal of instituting an economic system under which "the state regulates the market, and the market guides the enterprises," and this can be advanced only gradually. In this period, the economy must be coordinated and resources must be distributed

mainly through planning, and not much hope should be placed on the market. Those holding the above view maintain that in the initial stage of socialism, "there are shortages in the economy," and the operation of the national economy depends on planning and coordination to a considerable degree. This implies or clearly shows that for a long time to come, no excessively high demands should be set on reform to establish a market and rationalize prices.

We maintain that those holding the above view describe in absolute terms the relations between the degree of market growth and the level of the development of productive forces. As is known to all, so-called shortages mean total supply falling relatively short of total demand at a certain price level, and such shortages are not absolute. Even in the initial stage of socialism, general shortages can be eliminated provided an economic system that keeps demand under effective control can be instituted.

As for a competitive market system, it indeed takes a long process to perfect such a system. However, it is groundless to assume that initially establishing such a system takes too long a time. Now the old structure has been basically shaken and cannot fully play its role in the distribution of resources, and the inference that the new structure cannot be established in a short time is not fully proved. Therefore, in these circumstances, we should not rashly change the midterm goal of reform gradually set since the 3d Plenary Session of the CPC's 11th Central Committee, in order to avoid confusion in the guiding ideology, steps for reform, and practical economic life.

#### On the Priorities of Midterm Reform

With the building of a socialist commodity economy as the goal of midterm reform, what are the priorities of deepening reforms? In theory and practice there are now three schools of thought on this question:

The first is that "reform of the enterprise system should proceed first" or "reform of ownership should proceed first." This thought holds that the key to establishing a new structure is to set up commodity production with independent management that takes full responsibility for its profits and losses. Only when there are such producers as the mainstay of a market, can the market and prices take shape. Therefore, in the current situation, price reform can proceed only in small steps, which should be compatible with the contract system and the reform of ownership and not go beyond their ability to stand strains. This has been a mainstream idea since the winter of 1986. We feel that comrades with such a thought may overlook one fact: An economy cannot long be built on two contradictory mechanisms of economic operation. By so doing, economic results in the distribution of resources and the operation of enterprises are bound to be poor, and the economy whose order could be disrupted would gradually fall into a difficult position. Therefore, this way should not be chosen.



The second school of thought is that price reform should be carried out in strides while continuing to popularize and improve the contract system. This concept advocates starting price reform while making continuous efforts to consolidate the enterprise contract system and to continuously hold local authorities responsible for their own finances. Those who hold this view realize the need to carry out price reform so as to fully invigorate enterprises, but they fail to clearly understand that there is unity as well as opposition between the contract system and price reform. Since a major change has taken place in reform strategy, we should consider adopting new methods in the contract system. We hold that while adapting itself to price reform, the contract system should be checked and improved. The transition from the system of holding local authorities responsible for their own finances to a "revenue-sharing system" should be completed as quickly as possible, the enterprise contract system should be standardized in the course of price and tax reforms, the situation in which "each enterprise retains its profits at a different rate" should be changed, and enterprise management should be eventually evaluated against the average profit made in society.

The third trend of thought is that comprehensive supportive reforms should be carried out in a coordinated way. Following is the gist of this idea: 1. The aim of reform is to deploy insufficient resources through the market mechanism. Since prices constitute the basic market signal, reforming the pricing system is of great importance to structural reform and economic development. 2. Pricing reform alone will not be sufficient to create a market where there is equal competition. Therefore, price reform should be carried out in coordination with the reform of the taxation, financial, banking, domestic, and foreign trade systems. 3. In an environment in which prices are distorted and there is unequal competition, an enterprise cannot become one in the true sense of the word. The success of price reform is dependent on the prerequisite that enterprises must be subject to "tough budgetary restrictions" and be sensitive to market changes. These two conditions exist by depending on each other. Therefore, the reform of the system of organizing enterprises to clearly define their property rights should be undertaken simultaneously with price reform. 4. While carrying out supportive reforms centering on price reform, vigorous efforts must be made to establish a new order for the socialist commodity economy by developing markets and formulating laws and regulations on market competition.

Of the three representative trends of thought mentioned above, we are inclined toward the third trend.

#### **Serious Risks Confronted by Comprehensive Supportive Reforms Centering on Price Reform**

The gravest danger confronted by price reform is failure to check spiral price hikes, which are affecting social stability and unity. It is difficult for price reform to avoid this danger in a condition where various sectors of the economy are closely knit.

The present growth rate of industry is higher than expected, but its efficiency is unsatisfactory, and there is a strain between demand and supply on the market. While total industrial output value rises quickly, the increase in sales income and net income are very slow. Although the volume of energy, raw and semifinished materials, and railway freight has increased, the increase has failed to meet the demand of industrial growth, and it seems that gap is widening. Enterprises in some areas are now operating at half capacity because of the problem of transportation of raw and semifinished materials and semifinished products. Moreover, the restriction in the form of transport capacity is a difficult restriction, worse than the lack of energy and raw and semifinished materials. The high industrial growth rate cannot be maintained for long because of unsatisfactory economic results and the restriction caused by a shortage of resources.

Another prominent problem of the national economy in the first half of this year was the excessive rise in credit and money supply and the pressure of inflation. According to an analysis by the People's Bank, the amount of currency in circulation may rise by 35 percent this year. The purchasing power generated by the currency increase has exceeded the supply capacity by over 20 percent. The pressure of inflation will get worse under the conditions in which the results of economic growth are unsatisfactory and sustained high industrial growth rate cannot be maintained because of the shortage of resources.

It is necessary to point out emphatically that current inflation has been caused not only by the expansion of total demand as a result of the total currency supply exceeding this year's production growth rate, but also by surplus purchasing powers accumulated over recent years. A drastic increase in prices can release accumulated purchasing powers and thus escalate prices and aggravate popular resentment against inflation.

The above analysis explains that without taking firm and effective measures, the pressure of inflation will build up and intensify during the next 2 years or for an even longer period of time to come. According to experience in other countries, under such circumstances, it is difficult to successfully carry out price reform.

#### **How To Carry Out Reform in the Near Future**

Under such circumstance, how should we carry out reform in the near future?

According to the first opinion, it is necessary to fully utilize the current favorable trend of economic growth and brave risks to overcome difficulty. This opinion believes that so long as the higher authorities make determined efforts to continue the high growth rate, the goal of straightening out price relations and setting up a rational wage system could be achieved in about 5 years, even without taking serious measures to tighten control.

In our view, people who hold this opinion might have underestimated the severity of the current economic environment while overestimating the capabilities of ordinary workers, peasants, and intellectuals to withstand pressure. Should price rises following price reform exceed the capabilities of the masses of people, reform would not only be dampened but would also stir social commotion.

A second opinion takes into consideration the danger of inflation and calls for prudent steps in making reform. People who hold this opinion are also not in favor of measures to tighten control. Seeing that reform should proceed slowly to avoid risks, this opinion calls for measured steps in carrying out price reform in the next 2 or 3 years while concentrating efforts on reforming enterprises and gradually introducing the overall contracting system in the financial and banking work at each level. Only after an improvement in microscopic efficiency, supply situation, and state finance can we make efforts to promote price reform and establish the market system. Such a strategy for reform is, in fact, aimed at postponing price reform and the establishment of a market system to the remote future. Practice over the past 2 years has proved, first of all, that without carrying out price reform and establishing the market system, reform in other areas can become a mere skeleton. It will be difficult to raise the efficiency of distributing resources and of microscopic operations, and to eliminate the pressure of growing financial deficit and aggravating inflation. Second, although the contracting system can invigorate enterprises, it cannot enable them to completely free themselves from the old system; its obvious effects are stimulating short-term behavior of enterprises and prompting them to seek profits through price increases. Third, delay in reforming the prices of manufactured goods has created commotion in the market parameters and made it impossible for enterprises to compete under fair conditions and raise their economic efficiency. Under the system that links the total payroll with the "economic efficiency" of enterprises, prices of manufactured goods will continue to rise along with workers' pay raises. Fourth, industry lacks the capabilities to support agriculture and meet its pressing needs for a fundamental improvement in its material and technological foundations. Fifth, chaos in the pricing system and the existence of the "double-tracking system" have provided an opportunity for lawbreakers. Decadent practices have become so rampant that if we let them spread unchecked, they will seriously discredit the party and the government and undermine the foundations of reform.

In short, the confrontation between the new and old systems and the existence of the "double-tracking system" should not be continued for a long time. We urge the party and the government to concentrate efforts to actively prepare the conditions for adopting supporting measures for reforms, especially price reform, in the near future.

Based on our opinion, the focus of the current work should be preparing the conditions for adopting supporting reform measures, and the conditions should include the following:

First, it is necessary to resolutely control the total demand and actively readjust the structure. At present, the total investment on fixed assets and, especially, the total increase of the people's consumption and income are incompatible with the structure. Therefore, in order to bring total spending under control, it is necessary to adopt a rational policy on structure and avoid a "uniform cut back" on all sectors. Concrete measures may be taken first to divide construction projects into several categories according to the order of importance. Then, within each category, we may separate those covered from those not covered by state budget and planning and classify them into several grades according to the government's industrial policy so as to restrict the construction of processing industries and nonproductive projects through applying such tax and credit policies as differential tax rates and interest rates, and to increase the investment on "bottleneck" departments of the national economy (such as communications and energy), thereby accelerating the pace of completing a project and putting it into operation and increasing the supply of goods in short supply.

Second, it is necessary to guide the flow of currency and raise funds to support price reform. About 10 percent of the shares of state owned assets and some publicly owned estates should be put on sale and national bonds be issued in order to reduce the cash and savings held by individual residents and relax the strains and potential threat in the market, thereby transforming individual income into capital and weakening the impact of the increased income of residents on price rises. Increased income of residents should be kept under a special bank account and should not be diverted for other purposes. At the same time, it is necessary to negotiate with the World Bank for soft loans to be used partially for supporting reform.

Third, it is necessary to ensure a good job in the early phase of reform and work out, in theory, tentative plans on supportive measures for intermediate phase price, tax, accounting, banking, enterprise, and foreign trade reforms. It is also necessary to properly handle problems regarding the order and forms of price reforms for all major products and the link between reforms, as well as properly handle relations between the enterprise contracting system and price reform. Meticulous arrangements should be made for coordinating price reform with reforms in enterprise, tax, accounting, and banking systems. Efforts should be made to promote the separation of government administration from enterprise management and prevent a market monopoly by enterprises or groups of enterprises. Organizationally it is necessary to establish a state administration on assets for conducting an inventory of assets, and a national revenue bureau to stop loopholes for tax evasion and ensure revenues;



the share holder's system should be tried out in a planned manner at selective large and medium-sized enterprises; it is also necessary to unfold a publicity campaign that "Reform Is Where the Hope of the Individual and of the Whole Nation Lies" so as to enable the masses to prepare themselves for the difficulty of and the price they have to pay for the reform.

Fourth, it is necessary to increase the central government's capabilities to regulate and control financial resources. The aim of economic reform is to institute a socialist system of division of economic powers, based on a market oriented economy. However, a strong government is needed for implementing various market oriented economic measures and establishing a socialist market order. Therefore, it is necessary to emphasize unified planning and arrangements in making reform.

Fifth, it is necessary to rectify the organization and reinforce discipline. In order to stabilize social order during reform, it is necessary to loudly publicize and apply strict legal means to rectify prevailing decadent practices in party and government organizations. An official found to have committed wrongdoing should be punished by the law regardless of his position and "backstage" connections. Only by so doing will the masses support the government and endure difficulty together with one heart and one mind. In preparing the above listed conditions and enforcing the supporting reform measures, we will encounter resistance from certain social groups with invested interests in conflict with reform measures, in addition to interferences from habitual forces and ossified thinking. Therefore, in implementing reform measures, it is necessary to rely on the higher authorities' strong determination, prestige of the party and the government, including the prestige of the older generation revolutionaries, and the support of the masses of workers, peasants, and intellectuals at the grass roots. After careful internal study, the central authorities will make policy decisions in due time and the People's Congress will in turn grant extraordinary powers to the government to ensure the implementation of reform measures.

**LIAOWANG on Supply-Demand Imbalance**  
OW2012050888 Hong Kong LIAOWANG OVERSEAS  
EDITION No 50, 12 Dec 88 pp 15-16

[Article by Qiu Xiaohua (6726 2556 5478): "The Crux of the Strain in Relations Between Supply and Demand"]

[Text] In recent years, China has maintained a higher economic growth. In the first three quarters this year, economic growth was up about 12 percent from the same period last year. However, the gap between supply and demand in the domestic market has continued to widen, causing frantic and continual buying sprees and sharply driving up retail prices. In the first 9 months of this year, retail prices climbed 16 percent from the same period

last year, while last September's retail prices shot up 25.4 percent, the highest in history. What causes this sharp contrast? The author will try to analyze this problem from the following aspects:

#### The Effects of Changes in Income Distribution Pattern

Since the implementation of reform and the open policies, governments at all levels have adopted various measures to alter the unreasonable situation of emphasizing production, neglecting living quality, stressing accumulation, and ignoring consumption which had pertained for a long time. The per capita income for living expenses for both urban and rural residents has doubled. Residents' income has apparently grown faster than the economy. Compared with the year 1978, last year's gross domestic production [GDP] increased more than twice at today's currency value, while residents' income increased nearly four times. The ratio of residents' income in GDP expanded from 38.3 percent in 1978 to 58.6 percent last year, up 20.3 percent points. This income distribution pattern inevitably led to the rapid expansion in residents' consumption demand.

As enterprise reform advances, giving enterprises more decisionmaking power and a bigger profit-retaining share, implementing the contract system, and allowing independence in financial matters, the extra-budgetary income of local finance departments, state-run enterprises, supervisory departments, and institutional and administrative units escalated sharply. Last year, the whole nation's extra-budgetary funds amounted to about 200 billion yuan.

In the early days of reform, in order to increase people's living standard, which had long remained low, the state kept a tight control on the investment in capital construction, and thus covered up the imbalance between supply and demand. But, in recent years, with consumption demand continuing to grow rapidly, to cope with the rapid expansion of accumulation and investment demand, the total social demand exceeds the total social supply each year.

#### The Effects of the Traditional Economic System

Although China's construction industry has been developing rapidly, housing has remained a benefit to be distributed in kind. In the past 9 years, state-owned units have spent more than 128 billion yuan to build over 700 million square meters of housing. However, confined by the traditional economic system, commercialization of housing has not gained much ground and housing has remained mainly a low-rent distribution in kind, so residents' money remained in their pockets. The improvement in supply, therefore, has not been able to close the gap between supply and demand; instead, it has widened that gap. Furthermore, the tertiary industry has grown rapidly in the last 10 years, at a annual rate of 11.1 percent. But, the practice of providing education and



health care as a form of benefit, low-priced transportation, and noncommercialization of various service facilities have all contributed to the imbalance between supply and demand. Meanwhile, as residents have never been taught to broaden their consumption patterns, invest their money, and take risks, they know very few ways to spend their money, but on food, clothing, everyday expenses, and fuel. Last year, food accounted for 53.5 percent of the total expenses of urban residents, while cultural and entertainment costs took up 0.34 percent, a ratio so low that is hardly to be found elsewhere in the world. In rural areas, farmers invested little in production, but spent a lion's share of their money on food, clothing, everyday expenses, and living quarters.

#### **The Scale of Investment Was Big, Results Poor**

Among investments having a high growth rate, the percentage of investment in nonproductive projects has been too high, and newly-added production capacity has been at the low end. Capital investment by publicly-owned units in 1987 increased by more than 200 percent over 1981, resulting in an average per-annum increase of 21 percent. However, too many nonproductive projects were launched in this period. The percentage of these projects in the total capital investment increased from 26.1 in the previous 5-Year Plan to the current 42.6. As a result, construction of productive projects has been adversely affected. And, confined by the traditional economic growth pattern and prompted by the desire to seek instant regional interests, all localities have developed their industry in a markedly similar direction, resulting in the frequent occurrence of blindly repeating construction of similar projects. According to data provided by the 7 major coastal cities, i.e. Shanghai, Guangzhou, Tianjin, Dalian, Suzhou, Wuxi, and Xiamen, almost all major enterprises are engaged in textile, machine-building, ferrous metal, chemical, electrical machinery, and equipment manufacturing industries; and almost all major export industrial products are of the textile, apparel, silk, and handicraft categories. This trend has led to a scramble for domestic resources, contributed to market fluctuation, and caused price increases.

#### **Irregular Consumption Has Increased Sharply**

As a result of reform, enterprises have been given the power to distribute their revenues. This has contributed to arousing the production enthusiasm of enterprises and workers. However, some abnormal phenomena have also arisen, such as indiscriminately giving bonuses, regardless of production conditions, and providing workers with all kinds of welfare without minding if production funds are sufficient. Currently, many enterprises offer various kinds of bonuses, allowances, and low-price daily necessities to workers. Using public funds to celebrate the New Year and festivals is also

quite a common practice. Bonuses given to workers exceeded 21.4 billion yuan in the first 8 months of this year, 44 percent more than the same period last year.

Currently, more than 80 million people in rural areas are engaged in nonagricultural work, while some 20 million of the rural work force are doing business in cities and towns. In addition, the number of small market towns has increased from less than 3,000 to nearly 10,000. This has not only posed a demand for more infrastructure, but has also strained commodity supply in urban areas.

Because of the economic disorder and excess links of commodity circulation in recent years, raising prices at various levels and indiscriminate price increases have become quite common. Moreover, bureaucratic and private profiteering of various forms have added to the destabilization of the market. The Government's policy of delegating powers to lower levels and letting enterprises keep a higher percentage of profits, and an unhealthy economic order have sharpened contradictions. In particular, sharp increases in institutional purchase power has had a considerably negative impact on the economy.

#### **Incorrect Import-Export Relations Have Worsened the Domestic Market Situation**

Restricted by its economic development level, a considerable percentage of China's export commodities have been agricultural and sideline products, processed agricultural products, and products of a natural resource nature, all which have been in short supply in the domestic market. China has exported a relatively small amount of the products in excess supply in local markets. A major part of China's import commodities have been heavy industrial products and raw materials. Such an import-export structure is bound to reduce the total supply of consumer products on the domestic market and create a gap between domestic demand for, and supply of, consumer products. At the same time, the differences in domestic and overseas commodity prices have prompted some localities to blindly scramble for commodities of some categories. Because domestic prices of crude oil, coal, grain, and other basic commodities are lower than those on international markets, export of these commodities is a profitable business. This situation has prompted some localities and units to raise prices to purchase these commodities. Recent incidents of fighting to purchase silkworm cocoons, flax, and corn, which caused considerable fluctuation on the domestic market, are indications of this trend. On the other hand, domestic prices of color television sets and other finished products are higher than those on international markets, and this has prompted some localities and units to import parts and components at high prices and assemble them for domestic sale. This has increased costs and prices, and contributed to inflation.

High income of workers employed by Sino-foreign joint ventures and enterprises wholly owned by foreign companies has also increased domestic consumer purchasing power. The average annual wages of workers employed by Sino-foreign joint ventures and enterprises wholly owned by foreign companies exceeded 2,200 yuan and 2,800 yuan respectively in 1987, respectively 53.9 percent and 93.7 percent higher than the nation's average. Although income of these workers only accounts for a small percentage of the total income of workers in the nation, this phenomenon has prompted others to vie for high income, and adversely affected the domestic supply-demand relationship.

**Guangming Paper Cited on Commodity Economy**  
*OW2012095588 Beijing XINHUA in English*  
0803 GMT 20 Dec 88

[Text] Beijing, December 20 (XINHUA)—China should build socialist democratic politics while developing its commodity economy and modern science and technology, the Beijing-based "GUANGMING DAILY" said today.

It added that the belief that modernization can be separated from democratization does not conform to China's present conditions.

"The development of democracy is a basic requirement of the socialist commodity economy," it said in a commentary marking the 10th anniversary of a historic Communist Party meeting which set China's reform in motion.

The paper explained that the production of commodities is an independent activity, commodity transactions are exchanges at equal values and the commodity economy is characterized by free competition and equal chances.

Finding expression in politics, these characteristics call for political equality and fairness, the elimination of privileges of any kind as well as personal freedom.

The paper pointed out that some practices in China today are contradictory to the socialist commodity economy. They include overcentralized power, overstuffed institutions, lack of guarantees of people's democratic rights and an underdeveloped legal system.

Describing democracy in its modern sense as a product of capitalism, the daily said China should boldly learn from the modern forms of democracy which have been developed by capitalism over the last couple of centuries and which conform to the requirement of the modern commodity economy.

"This is not only necessary but is also feasible," it stressed.

But the paper said China's social system and actual conditions vary greatly from those of countries that have highly developed commodity economies.

"Therefore, China should not copy foreign experiences indiscriminately," it said.

Like the development of the commodity economy, it went on, the building of socialist democratic politics is a gradual process which cannot be accomplished in one move.

It said the goal may not be reached if people have too high expectations and go too fast, since democratic politics—not an isolated social phenomenon—is subject to the restrictions of economic conditions, social environment, and ideological and cultural background.

For instance, it said, the existence of a large number of illiterates is a big obstacle to the building of democratic politics in China.

In the process of building democratic politics, China should also strive for economic development, social stability and the popularization of science so as to create favorable conditions.

The lengthy article, entitled "A New Phase in the Emancipation of Minds" called for a new attitude toward the socialist commodity economy, which is exerting an extensive and far-reaching political, ideological and cultural influence in China, in addition to economic accomplishments.

The paper said that the commodity economy—a revolution in the traditional natural economy—has led to a series of transformations in China's socialist practice as well as a change in people's ways of thinking.

Starting from the early 1950s, it said, the Chinese people gradually formulated an understanding that socialism is absolutely "good" and capitalism absolutely "bad". Although things have changed a great deal since the end of 1978, the old way of thinking still exists, the commentary said.

Whenever a reform measure is put forward, almost without exception, there will be a controversy over whether it is "socialist" or "capitalist". This shows that conventional ideas are no longer compatible with reality, the daily noted.

It said the commodity economy is not a social system. Instead, it is an economic formation, a necessary stage in the development of human society.

"Capitalist society needs it and so does socialist society," it pointed out.



Quoting senior Chinese leader Deng Xiaoping, the paper said science and technology are the most important elements in the productive forces.

It said that the competition in the next century will, first of all, be rivalry in science and technology, education, and talented professionals.

The paper expressed deep concern over the fact that China's achievements in some hi-tech fields and the emergence of a number of outstanding scientists present a sharp contrast to its overall backwardness in science and education.

**Export of Six Commodities Banned, Others Limited**  
OW2012075688 Beijing XINHUA in English  
0730 GMT 20 Dec 88

[Text] Beijing, December 20 (XINHUA)—Beginning January 1 next year, China will ban six commodities from export and limit the exports of 12 products that are in short supply domestically.

The new export ban, made by the Ministry of Foreign Economic Relations and Trade (MOFERT), covers copper and copper - based alloys, aluminum and aluminum -based alloys, nickel and nickel - based alloys, nickel products, platinum and yellow phosphorus.

According to the MOFERT regulations, valid export licences already issued for the six commodities can be honored but deliveries must be made before February 28 next year. No postponement will be allowed after the deadline, when all such licences become invalid.

Previous regulations banning exports of musk, natural bezoar, raw polythene materials and monazite still remain in effect, bringing the total number of commodities on China's export prohibition list to 10.

The 12 items on the limitation list are polypropylene, chromium ore, molybdenum ore, metallic magnesium, metallic manganese, abs resin, polystyrene, methylbenzene, xylene, ferrochrome, ferromanganese and rubber.

Exporters of these commodities will have to apply for approval from the Ministry of Materials and Equipment and then obtain licences from the trade authorities.

China has already placed 159 commodities under export licence control as a means to ensure supplies to Chinese enterprises and to avoid wild fluctuations in export prices.

**Foreign Loans Support Agricultural Development**  
OW2012083688 Beijing XINHUA in English  
1539 GMT 15 Dec 88

["Roundup: Foreign Loans Major Props for Agricultural Development"—XINHUA Headline]

[Text] Beijing December 15 (XINHUA)—Foreign loans are becoming an important financial lever sustaining China's agricultural development as the country has been facing a tough economic situation in recent years, sources at the Ministry of Agriculture said here today.

Since 1980 China has used foreign loans totalling some two billion U.S. dollars in the construction and development of more than 270 major agricultural projects.

In an exclusive interview with XINHUA, Zhang Chenghua, director of the ministry's Foreign Economic Relations Bureau, said this money is vital to China's efforts to solve the problem of feeding over one billion people.

According to Zhang, most of the foreign loans come from the World Bank and the World Food Program, as well as over [worlds indistinct] countries including Japan, Canada, Federal Germany and Australia.

The influx of foreign capital has helped make up China's shortage of agricultural development funds and injected vitality into agriculture, Zhang said.

According to him, an annual average of 150 million U.S. dollars was introduced during the Sixth Five-Year Plan period (1981-1985)—making up more than half of the amount of the ministry's basic construction funds appropriated by the state during the same period.

More foreign capital has poured in since the beginning of the Seventh Five-Year Plan (1986-1990).

Currently five major projects funded by World Bank loans are now under construction. With a total investment of 373 million U.S. dollars, the loans cover freshwater fish farming in Beijing, Shanghai, Harbin, Shenyang, Chengdu, Chongqing, Hangzhou and Nanchang; a red soil exploitation project in Jiangsu and Jiangxi Provinces; an agricultural development project in the Xinjiang Uygur Autonomous Region; a sea beach development program in Jiangsu and Zhejiang Provinces; and the North China irrigation project.

Significant results have been achieved so far, Zhang said, including the successful development of China's major grain producers—the North China plain, the three-rivers plain in the northeast and the Beidahuang plantation in Heilongjiang Province.



Funded by a World Bank loan of 6,000 U.S. dollars, the north China plain project has since 1982 turned 200,000 ha of saline-alkali land into productive soil. The grain and cotton output of the land, which covers nine counties in Shangdong, Anhui and Henan Provinces, has been doubled.

With foreign capital, China has imported advanced technology and equipment, which in turn have facilitated the transformation of the country's agricultural techniques. Comprehensive chicken-breeding facilities imported from Hungary by Beijing, for example, have helped meet the demands of the capital's residents for eggs.

In addition, seven major agricultural colleges and nine agricultural research centers have imported advanced equipment with the aid of foreign loans.

Statistics from the Ministry of Agriculture show that foreign capital has funded the training of many Chinese administrative and technical personnel. Over 400 agriculture experts visited 16 foreign countries between 1980 and 1986 for research and training programs. And through the agricultural scientific education projects provided by the World Bank, China has over the past few years sent abroad 1,500 students.

China's use of foreign capital has been appreciated by international specialists.

Lin Chongcong, World Bank representative in China, particularly praised the development of the north China plain as one of the successful projects conducted by China with World Bank loans.

A national conference held recently in Beijing made the decision that one-fourth of the World Bank loans to China will be applied to agricultural projects.

In addition, recently bright prospects have emerged for agricultural cooperation between China and the Soviet Union as well as with Eastern European countries, Zhang noted.

**Plan To Advance Rural Economy Proceeds Well**  
HK2012094388 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1422 GMT 13 Dec 88

["China Has Completed 2,500 Projects Under the 'Spark Plan'"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 13 Dec (ZHONGGUO XINWEN SHE)—Over the last 2 years, almost 10,000 projects under the "spark plan" have been assigned to the state, provinces, prefectures, and counties. So far 2,500 of them have been completed, with a new output value of 7.4 billion yuan. Peasants in many parts of the country have benefited from this plan and are becoming better off.

The "spark plan" is a plan China uses to invigorate and develop the rural economy by means of science and technology. In the document No 1 of 1986 the CPC Central Committee and the State Council made this arrangement and took it as a strategic measure for invigorating the economy. Over the last 2 years, with a compensatory fund of only 600 million yuan, the state has absorbed investments from enterprises and financial circles totaling 5.3 billion yuan. The new output value after the completion of the almost 10,000 projects has been estimated at 25 billion yuan.

While meeting with the first group of spark plan prize winners in Beijing today, Premier Li Peng said that long-term persistence in the spark plan would certainly produce results beyond our expectations.

At a meeting to confer spark plan prizes, Song Jian, state councillor and chairman of the State Science and Technology Commission, pointed out that two points should be stressed in the assessment of prizes for 138 spark plan projects: First, it is necessary to solidly build the concept of invigorating and developing the rural economy by means of science and technology; and second, it is necessary to unswervingly persist in the spark plan, to continuously improve the "spark plan" targets, and to make greater contributions to agriculture and the rural economy.

Since the implementation of the "spark plan," Song Jian revealed, over 400,000 scientific and technological personnel have gone to small and medium-sized enterprises, township enterprises, and poor areas, where they have trained about 2.5 million scientific and technological personnel for all kinds of trades and undertakings.

He said: The initial success of the "spark plan" proves that it is possible to combine individual households in the rural areas by means of this invincible scientific and technological belt. Developing the rural commodity economy and improving rural labor productivity so as to enable the peasants to take the common road of prosperity is a method the 800 million peasants can easily accept.

**Agriculture Minister Outlines Rural Improvements**  
HK1612053888 Beijing CHINA DAILY in English  
16 Dec 88 p 1

[By staff reporter Wen Jia]

[Text] Technical and management improvements are essential if China's tens of thousands of township enterprises are to survive, according to Minister of Agriculture He Kang.

Furthermore, the businesses will not be able to finance the technical improvements with bank loans. Instead, they will have to use their own money and money pooled by area farmers, he told a national conference that opened yesterday in Beijing suburban Shunyi County.

The state will adopt favourable policies to help township enterprises attract technical personnel. The state's limited funds will be used to support the most efficient enterprises and those that earn foreign currency, especially in coastal provinces.

The government, however, will cut the scale of capital construction in the township industries to slow their excessive growth. He told the meeting.

"Township enterprises will be confronted with an extremely serious situation in the next two years during the state's rectification of economic order," he said.

The conference, jointly sponsored by the ministry and by the State Commissions of Planning, Education, and Science and Technology, is to work out the best path for the future of rural industry.

The state's recently tightened control over bank loans and industrial materials has made it virtually impossible for many of these enterprises to acquire the resources they need.

The central government will also close those businesses which lack raw materials, consume much energy or cause heavy pollution. Enterprises with low efficiency will be leased or sold out.

Moreover, township enterprises are facing an increasingly forceful challenge from those run by the state, by the army and by self-employed people.

Some rural enterprises have gone bankrupt. In Bixi Town of Shangshou City, Jiangsu Province, about half of the township enterprises have been elbowed out of market.

Rural industries must now emphasize improvements in their own structure and in their technology in order to raise their efficiency and the quality of their products. He said, "There are chances as well as challenges."

The government also encourages township enterprises to develop close economic and technical ties with overseas businesses. As for imports, advanced technology must be emphasized instead of equipment alone.

The state will help the industries to train technical and management personnel, he said.

Rural industry now accounts for about one fourth of the country's total industrial output value, and employs more than 88 million people.

However, the equipment in more than 60 percent of the enterprises dates from before the 1970s, according to a survey conducted by the Ministry of Agriculture.

**Shanghai Police Seize Counterfeit Grain Coupons**  
*HK1612053088 Beijing CHINA DAILY in English*  
16 Dec 88 p 3

[By staff reporter Shen Feiyue]

[Text] Shanghai—Police have seized counterfeit coupons for more than 630,000 kilograms of grain in what has been described as the largest coupon forgery scheme in the city's history.

The coupons were seized at the city's largest passenger shipping station after police searched a 48-year-old farmer from nearby Jiangsu Province.

The farmer, Zhang Tinghao, and nine other persons, including Zhang's brother Zhang Tinghua, 38, and the boy friend of Zhang Tinghao's daughter, Zhou Jianbing, 20, have been taken into custody and have been charged, a police spokesman said.

The other seven suspects come from Luoyang city in Henan Province where the coupons were believed to have been printed.

Police have also seized the zinc plates used to forge the coupons, the spokesman said.

Counterfeit coupons for about 500 kilograms of grain have already been found passed in the city and police said their initial investigations suggest the source is the same.

Police estimate that forged coupons for as many as 70,000 kilograms of grain have been passed and could be in circulation.

Grain coupons are a form of food rationing for urban residents. They allow consumers to buy grain at state-set prices, which are considerably lower than market prices.

An urban resident usually receives coupons for 25 to 30 kilograms of grain each month.

Some people take advantage of the wide gap between the state's purchasing and selling prices to make high profits.

They collect surplus grain coupons from urban residents to purchase large amounts of grain from state grain shops. They then transport the grain to neighbouring areas and resell it at a much higher price.

Others profit by forging grain coupons.

Rising grain prices have fuelled the illegal activities.

The city has uncovered several grain profiteering cases recently. But never before have so many fake grain coupons been involved.

Police said that the deputy director of a printing shop in Luoyang helped make the zinc plates in August and that coupons for 1.07 million kilograms were printed at a rural printing shop near Luoyang the following month.

Coupons for more than 700,000 kilograms of grain were brought to Shanghai.

In another development, the city has issued a circular to ban free market grain transactions during the autumn harvest season.

**New Journal on Economic Policy, Theory Launched**  
HK2012113088 Beijing CHINA DAILY in English  
20 Dec 88 p 2

[Text] A new national magazine on economics and comprehensive utilization of resources was launched in Xuchang City, Henan Province recently. Under the guidance of the State Planning Commission, the quarterly is designed to provide readers with State policy, theories, reports, up-to-date technology and information on economics and comprehensive use of the country's resources.

**QIUSHI No 12 Table of Contents Published**  
HK1912145188 Beijing RENMIN RIBAO in Chinese  
16 Dec 88 p 5

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Article by Zhang Qizhong, Liu Qibo, and Zheng Nanhai: "How Should We Use Policies and Systems to Encourage Peasant Households To Invest More in Land?"

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## East Region

**Anhui Deputy Party Secretary on Agriculture**  
*OW2012111388 Hefei Anhui Provincial Service*  
*in Mandarin 1100 GMT 12 Dec 88*

[Text] Our province, although facing a very difficult financial situation, has decided to try in every possible way to increase its investment in agriculture. It is estimated that funds to be allocated for agricultural production will increase by about 200 million yuan next year. This was disclosed yesterday by Fu Xishou, deputy secretary of the provincial party committee and vice governor of the province, at a provincial agricultural conference. The provincial conference met for the third day yesterday.

At the conference, Fu Xishou made a speech, entitled "Get a Clear Understanding of the Situation, Carry Out Measures, and Make Vigorous Efforts To Develop Agriculture." After analyzing the situation in the province's rural areas, Fu Xishou said: Rural reform has been carried out in the province for 10 years. The contracted responsibility system based on the household was first instituted in our province. With the continuous improvement of this system, productive forces in the rural areas have been greatly liberated. Historic changes are taking place in the rural areas of the province. The self-supporting or semi-self-supporting rural economy is changing step by step to a commodity economy, and traditional agriculture to modern agriculture. The great successes achieved in rural reform has promoted the development of the national economy as a whole. These successes have also brought great vitality to the various trades and professions. However, we should soberly note that in the last 4 of the past 10 years the pace of increase in grain, cotton, and oil output has noticeably slowed down.

In the second part of his speech, Fu Xishou called for making every possible effort to reap a good harvest next year. The major measures to be carried out are:

1. Efforts should be made to stabilize and improve the contracted responsibility system based on the household and to deepen rural reform. It is necessary to pay close attention to respecting and protecting the power of the peasant household to make its own management decisions. While stabilizing and improving the contracted responsibility system based on the household, second-stage rural reform should be continuously carried out vigorously and properly.

2. The role of science and technology should be brought into full play in agricultural development by making more vigorous efforts to popularize agricultural science and technology. Agricultural scientists and technicians should be trained, and tested techniques should be actively popularized. Policy restrictions on scientists and technicians should be further relaxed, and scientific

research institutions should be given power to do their work effectively. Science and technology management departments should fully exercise their functions.

3. Agricultural input should be increased through various channels. The provincial party committee and the provincial government have tentatively planned to raise funds for agricultural development from the following four aspects: 1) In the next 3 years, the provincial government will annually allocate 30 million yuan for agricultural development; 2) sixty percent of the increased industrial and commercial taxes collected from village and town enterprises, rural private enterprises, and self-employed workers; the locally retained portion of charges for the use of farmland; and the increased taxes on special agricultural and forest products will be used for agricultural development; 3) one percent of the province's nonbudgeted funds will be collected for agricultural development; and 4) a technical-improvement fee will be collected in advance from grain purchases and sales, which may also apply to industrial crops. It is estimated that by adopting the above measures, funds for agricultural production will increase by about 200 million yuan next year.

Materials to be used in agriculture will also increase. The provincial government has decided that deposits from contracts for grain purchase and deposits for fair-priced chemical fertilizer and diesel oil will be linked to one another next year and that the quantity of chemical fertilizer will increase. The provincial finance department plans to allocate 30 million yuan for the technical transformation of small chemical fertilizer plants at prefectural, city, and county levels next year and calls for increasing the production of chemical fertilizer by 6.12 percent in 1989.

In the coming winter-spring period, all localities must continue to do a good job and carry out their task of building four key water conservancy projects according to the provincial government's plans. At the same time, every laborer in the rural areas should do voluntary labor for 20 days a year. The masses should be mobilized to take part in building water conservancy projects in order to do 360 million cubic meters of earthwork and lay a sound foundation for a good harvest next year.

4. Vigorous efforts should be made to develop export-oriented agriculture as well as village and town enterprises.

5. A socialized agricultural service system should be instituted and improved.

In the third part of his speech, Fu Xishou called for effectively strengthening leadership over rural work. In this part, he discussed the following points: It is necessary to have a clear understanding of agriculture as the foundation of the national economy in the new situation, to conduct extensive education on the current situation,

to do a good job in improving the economic environment and rectifying economic order, to step up the economic development of poor areas, and to concentrate our strength on solving the problem of feeding and clothing poor people. Efforts should be made to strengthen the building of state power at the basic level.

In conclusion, Fu Xishou said: Our province is facing new tests in agriculture. At the same time, such tests have brought new opportunities to us. Guided by the 3d Plenary Session of the 13th Party Central Committee, let us achieve unity in thinking, march forward in step, and make concerted and arduous efforts to deepen rural reform and wrest a good harvest!

Yang Yongliang chaired yesterday's conference. Lu Rongjing, Wang Guangyu, Shi Junjie, Meng Fulin, and other leading comrades were present. Delegates to the provincial conference were to hold group discussions today on the speeches made by provincial leaders.

**Anhui Symposium Considers Selling Stocks, Shares**  
*OW1612233588 Hefei Anhui Provincial Service in Mandarin 1100 GMT 10 Dec 88*

[Text] The Anhui Economic and Cultural Research Center and the Anhui Trade Union Council recently cosponsored a symposium to study the feasibility of allowing enterprises to sell stocks and shares before production. Leading officials from 15 Anhui provincial and Hefei municipal units, theoretical workers, and enterprise administrators were present at the meeting. Vice Governor Wu Changqi delivered an important speech.

Whether the selling of stocks and shares is capitalist or socialist in nature has been a controversy for a long time. During the meeting, those in attendance unanimously maintained that, as a preproduction institution, the selling of stocks and shares can serve both capitalism and socialism.

Some comrades also pointed out that as a preproduction institution and a form of enterprise operation, a socialist stock-and-share system with public ownership as the mainstay not only can give impetus to the development of socialist productive forces, but can also become a way to incorporate socialist public ownership with commodity economy and blend all kinds of ownership.

The participants at the meeting maintained that while selling stocks and shares gradually with public ownership remaining dominant has noticeable advantages, it is not without problems or risks.

The majority of comrades believed that external conditions are not yet ripe for widespread adoption of such a system, and that relatively standardized experiments of the system should be carried out in one or two large and medium-size enterprises in a prefecture or city. During the course of improving the contract system, they added,

Anhui should, in accordance with its actual conditions, first take easy and quick—and then complex and slow—measures [words indistinct] and set up a body in charge of state property, then contract workers to share risks, permit enterprises to sell their assets, form enterprise groups, and allow enterprises to float bonds publicly in order to gradually promote the stock-and-share system in all areas.

**Bengbu Civil Airport Opens in Anhui 1 Dec**  
*HK1912122988 Beijing CEI Database in English 19 Dec 88*

[Text] Hefei (CEI)—Bengbu Civil Airport in east China's Anhui Province has opened to traffic on December 1. The Beijing-Bengbu route is now open to traffic.

Situated on the junction of Beijing-Shanghai Railway and Huainan Railway and standing by the Huaihe River, Bengbu has convenient transportation facilities. A Soviet-Made Il-18 passenger plane with 98 seats will fly every Thursday between Beijing and Bengbu.

The Bengbu-Foshan and Bengbu-Fuzhou routes will be opened later.

**Jiangsu Institute Develops 'Superlight Aircraft'**  
*OW2012091688 Nanjing Jiangsu Provincial Service in Mandarin 1015 GMT 10 Dec 88*

[Text] After more than 3 years of improvements and tests, Traveller, China's first superlight aircraft built by the Nanjing Aviation Institute passed the inspection of a group of experts today.

The superlight aircraft has a structure completely built with composite materials.

According to a dispatch from station reporter Yu Hong, the new aircraft, which is completely made of domestic materials, is a relatively modern canard-type aircraft. Because of its uniquely modular construction, three people can assemble it within 20 minutes and disassemble and haul it away by special vehicle in 15 minutes.

The performance of the superlight airplane is good. Flying at a speed of 75-85 kilometers per hour, the aircraft has an endurance of more than 4 hours and can fly at an altitude of 3,000 meters.

**Jiangxi Leaders at 13 Dec Women's Congress**  
*OW2012085888 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 13 Dec 88*

[Excerpts] This afternoon, the auditorium of the Jiangxi Hotel was beautifully decorated. The hall was decorated with a horizontal scroll, which reads: Self-reliance, self-confidence, self-support, self-improvement, and be a new woman in the new era. Five hundred and eighty representatives, 61 specially invited representatives, and 40 observers happily entered the meeting site to attend



the Seventh Jiangxi Provincial Women's Congress. They represented 17 million women who are working hard on industrial, communications, finance, trade, scientific research, educational, cultural, public health, sports, judicial, agricultural, forestry, and other fronts throughout the province. They included retired veteran cadres who have dedicated their whole life to the revolutionary cause of the Chinese people and people of minority nationalities, returned Overseas Chinese, Taiwanese compatriots, and members of various democratic parties who have made contributions to economic construction and reunification of the motherland.

Provincial party, government, and military leaders including Mao Zhiyong, Wu Guanzheng, Ma Shichang, Zhao Zengyi, Zhu Zhihong, Xu Qin, Wu Ping, Wang Guande and (Chen Lijiu); member of the Central Advisory Commission Bai Dongcai; and veteran comrades Zhu Danhua and Wei Xiuying went to the meeting site to congratulate the convocation of the congress.

The opening ceremony was presided over by (Zheng Humei). [passage omitted]

Tian Yumei delivered an opening speech:

[Begin Tian Yumei recording] The main tasks of this congress are to use the theory of the initial stage of socialism as our guiding principle, implement the guidelines of the 3d Plenary Meeting of the 13th CPC Central Committee, sum up our achievements and experience since the Sixth Jiangxi Provincial Women's Congress, put forward tasks of the women's movement in the next 5 years, find ways to further improve the work of the women's federation, and organize and mobilize the broad masses of women to work together with the entire population, struggle in unity, overcome various difficulties and make contributions to revitalizing Jiangxi and deepening reform. [end recording] [passage omitted]

Wu Guanzheng, deputy secretary of the provincial party committee and governor of Jiangxi, spoke at the meeting:

[Begin Wu Guanzheng recording] The convocation of the Seventh Jiangxi Provincial Women's Congress is a great and happy aspect of the political life of women in the whole province. On behalf of the Jiangxi Provincial CPC Committee, I wish to extend warm greetings to the congress and pay high tribute to representatives of women, staff members in charge of women's work and all woman comrades in the province. [end recording]

In his speech, Wu Guanzheng affirmed the achievements made by staff members in charge of women's work during the past 5 years and put forward tasks for current work. He said: The provincial party committee hopes that women in the whole province will take positive steps and constantly make new contributions to fulfilling or

overfulfilling this year's economic and social development plan and successfully accomplishing over the next two years the task of improving the economic environment and rectifying economic order. [end recording] [passage omitted]

The All-China Women's Federation, the Jiangxi Provincial Trade Union Council, the Jiangxi Provincial CYL Committee, the Provincial Scientific and Technological Association, the Provincial Federation of Social Workers, the Provincial Federation of Literary and Art Circles, and the Political Department of the Jiangxi Provincial Military District sent messages to greet the convocation of the congress. [passage omitted]

(Zheng Humei) made a work report on behalf of the Sixth Executive Committee of the Provincial Women's Federation. [passage omitted]

**Jiangxi Food Supply Increases, Prices Drop**  
HK1812082088 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 1132 GMT 11 Dec 88

["Prices of Meat, Eggs, Fish, and Vegetables Drop in Jiangxi Province"—ZHONGGUO TONGXUN SHE headline]

[Text] Nanchang, 11 Dec (ZHONGGUO TONGXUN SHE)—The market supply of vegetables, meat, and eggs in Jiangxi Province has shown remarkable improvement. As a result of the sufficient supply of meat, eggs, and vegetables on the market, the prices of these commodities have dropped.

An official of the Market Administration Office under the Jiangxi Provincial Industrial and Commercial Bureau said that according to a survey conducted on 5 December on the prices of meat and vegetables in 11 cities either directly under the province or directly under some prefectures of the province, compared with those of last month, the prices of pork, beef, eggs, duck's eggs, live hens, carp, grass carp, and silver carp all dropped. Compared with those of last month, the prices of pork, eggs, and grass carp dropped by 4.8 percent, 4.1 percent, and 11 percent respectively.

According to statistics, in the 11 cities either directly under the province or directly under some prefectures of the province, the average prices of 11 of the most popular vegetables—except spinach and red pepper whose prices went up a bit—dropped sharply over 30 percent.

The official of the Market Administration Office under the Jiangxi Provincial Industrial and Commercial Bureau said that the average market price of Chinese cabbage in the 11 cities is eight fen per jin. The lowest market price of Chinese cabbage in the 11 cities is five



fen per jin. The price of Chinese cabbage in Nanchang City is eight fen per jin. However, in August of this year, the average price of Chinese cabbage in these 11 cities was 30 fen per jin.

Now, the vegetable supply in Nanchang City, capital of Jiangxi Province, is sufficient and stable. This year, Nanchang City's people's government has appropriated 0.32 million yuan as special funds to help the vegetable farmers to carry out autumn sowing. Until now, the vegetable farmers of Nanchang City have carried out autumn sowing on some 32,000 mu of vegetable fields. In the meantime, Nanchang City has also accelerated its development of the second-line vegetable production bases. Now, vegetables are growing on more than 3,000 mu of these second-line vegetable production bases. These second-line vegetable production bases are expected to provide 1.4 million kilograms of vegetables in January and February of next year.

It has been learned that in order to ensure sufficient vegetable supply during the new year and the Chinese New Year, Nanchang City has planned to provide 5.25 million kilograms of vegetables to the market during the freeze season.

**Conference of Shandong Procurators Ends 15 Dec**  
*SK1712012588 Jinan Shandong Provincial Service*  
*in Mandarin 2300 GMT 15 Dec 88*

[Text] The provincial work conference of chief procurators, which concluded on 15 December, explicitly set forth the opposition to embezzlement and bribe-taking as the work of prime importance in next year's blows to economic crimes and as the key task of the current procuratorial work.

Although our province has dealt blows to economic crimes for several years in succession, the upward trend of economic crimes, particularly embezzlement and bribe-taking, has yet to be checked. Since 1982, procuratorial organs of our province have filed, investigated, and handled more than 12,000 economic cases, of which 71 percent were cases of embezzlement and bribe-taking. More than 800 serious cases of embezzlement and bribe-taking involved more than 10,000 yuan each. Among the people implicated in the cases, state personnel accounted for 48 percent and party members for 30 percent. Most of them were cadres who had actual power in their hand.

The conference called on chief procurators at various levels to handle major and serious cases personally, and concentrate efforts on thoroughly investigating the cases that involve leading cadres and are complicated, and investigations of which have met great obstacles. They should take the initiative in dealing blows and closely coordinate with discipline inspection commissions, supervision, taxation, and other departments concerned to wage special struggles against the crimes in a planned and well-organized manner. While emphatically dealing blows to embezzlement, they should not slacken efforts

in investigating and handling other economic crimes, such as evading taxes, refusing to pay taxes, forging trademarks, and misusing public funds.

**Commentary on Shandong Enterprise Development**  
*SK1712023588 Jinan Shandong Provincial Service*  
*in Mandarin 2300 GMT 15 Dec 88*

[Commentary by station reporter (Deng Hongkui):  
"Various Aspects of the Township Enterprise Development of Our Province"]

[Text] Since the beginning of this year, township enterprises in our province have again maintained a good trend of sustained development after 2 years of substantial growth, thus meeting the requirement for achieving another new level, as set forth by the provincial party committee and government. So far, the number of township enterprises throughout the province has reached 1.31 million, and their employees 9.12 million. The output value of the township enterprises of our province is expected to be 63 billion yuan this year, of which that of town and township industrial enterprises may reach 44 billion yuan. Their profits and taxes will be 8.5 billion yuan, and their goods for export will be worth nearly 1.9 billion yuan, showing a 73.8-percent increase over last year.

Through calculation, this reporter discovered that the proportion of township enterprises in the province can be shown with the following interesting figures. The profits and taxes of township enterprises amount to approximately 20 percent of the province's tax revenue; their employees amount to 30 percent of the rural manpower; the output value of town and township industrial enterprises amounts to 40 percent of the total industrial output value of the province; and the growth of the industrial output value of township enterprises amounts to 50 percent of the growth of the province's industrial output value of the same year. This proves that township enterprises occupy a decisive role in the national economy of our province.

The momentum for our province to step up to a new stage comes from deepening of enterprise reform and increase of their vigor. So far, more than 90 percent of our province's township and village industrial enterprises have applied the contract system to their management, and 20 percent of its township and village enterprises have instituted the shareholding system. The opening of the eastern areas and development of the western areas of our province have also provided opportunity for township enterprises to develop. A number of foreign exchange-earning enterprises have emerged as the times require. Meanwhile, our province has exerted great efforts to strengthen the basic work for enterprises, advocate scientific and technological progress, launch the campaign for increasing production, practicing economy, increasing income, and reducing spending, carry out technical transformation, tap potential, and strengthen the legality of enterprises. This has helped lay

a solid foundation for the development of township enterprises. According to statistics, 4 township enterprises have been upgraded to become second-grade enterprises of the state, more than 30 will be upgraded to become provincial-level advanced enterprises, and more than 200 will become city- and prefectural-level advanced enterprises. Six of their products have filled the gaps of the country, and 114 products have filled the gaps of the province.

In the process of development, township enterprises have also encountered problems in growth rates, funds, prices, and benefits. For example, since 1984, the output value of the township enterprises of our province has increased at an average rate of more than 40 percent annually. This has aggravated the contradictions in the supplies of energy resources and raw materials, and made it impossible for the enterprises to pay attention to their improvement. As far as funds are concerned, 60 to 70 percent of the circulating funds of township enterprises come from loans, and the double-tracking price system makes township enterprises pay 2 billion yuan Renminbi more than state enterprises every year. Therefore, township enterprises of our province should regard the aforementioned unfavorable conditions as difficulties and challenges, and also regard the endeavor of improvement and rectification for some time to come as a good opportunity to improve their own quality. Next year, township enterprises should reduce their growth rates and scale to a proper extent and should pay attention to basic work and improve their economic results. Only in so doing can they ensure sound development.

**Report Analyzes Output of Shandong Collieries**  
*SK1912092988 Jinan DAZHONG RIBAO in Chinese*  
7 Dec 88 p1

[Excerpt] Our province's local collieries have relied on technological progress to create a new situation. By accelerating growth at a progressive rate of 5 percent in 7 successive years, the output of local collieries during the first 10 months of this year reached 11.58 million tons, the total footage reached 180,000 meters, and the tunnelling reached 30,000 meters, respectively prefulfilling the annual plans by 2 months.

Our province has a total of 450 coal mines in various prefectures, counties, townships, and towns throughout the province. The mining conditions of most are quite poor, their equipment is outdated and backward, and the cultural level of their workers and staff members is comparatively low. They have more difficulties in expanding the production capacity and realizing production safety than the general state unified distribution coal mines. In order to overcome these unfavorable factors and to produce more coal at a faster rate so as to ease the contradictions in the shortage of energy supply,

the provincial coal bureau has adopted effective measures to promote technological progress in the course of reforming the internal mechanism of various coal shafts. [passage omitted]

**Airport at Shandong's Qingdao Begins Service**  
*SK1912064788 Jinan Shandong Provincial Service*  
in Mandarin 2300 GMT 18 Dec 88

[Text] The Qingdao (Liuting) airport, which provides an air route that links up 12 big cities in China, was completed and recently began operations. The construction of the airport started on July 1984. The airport was constructed according to the first-class standards in the 1980's and with a total investment of more than 82 million yuan. Twelve air routes from Qingdao to Beijing, Shanghai, Guangzhou, Dalian, Shenyang, Nanjing, Hefei, Jinan, Zhengzhou, Xian, Changsha, and Hong Kong have opened at present. The annual passenger transportation volume surpassed 180,000 people.

**Shanghai Debt Symposium Attracts Attention**  
*OW1612200388 Beijing XINHUA in English*  
0857 GMT 16 Dec 88

[Text] Shanghai, December 16 (XINHUA)—A symposium convened yesterday on debt and economic development in China's coastal cities has attracted more than 180 participants from across China.

The symposium marks the first time that representatives of government, business circles, law and finance from more than 10 provinces and cities have met officially to discuss theories related to the problems of debt.

The discussions were sponsored by the Shanghai Economic Association's Debt Research Society.

When the research society proposed holding the conference late last month it promptly received more than 220 papers on the subject, submitted for discussion from across the country.

Even entrepreneurs, who are generally seen suppressing a yawn at the mere mention of another meeting, showed an unusual enthusiasm in responding to invitations to attend.

China's decade-long reform has introduced the country to the concept of deficit financing, which both government and private business leaders now as an essential element of international economic activities, the symposium declared.

Statistics show that China has accepted a total of 29.5 billion U.S. dollars worth of foreign loans from 1979 to the first half of this year. Other accumulated debts include the national treasury bonds and debt certificates issued by China's banks and enterprises.



As China is now facing a peak repayment period for foreign loans borrowed in the past few years, the overall problems of debt repayment have aroused nationwide attention.

Complex problems exist in assessing the implications of recent financial innovations such as bank trusts and the lending and borrowing practices of special banks on the national debt.

For example, the overdue debts still to be paid by enterprises have reportedly reached an alarming total of several dozen billion yuan.

These and similar unresolved financial dilemmas are seriously hindering the circulation of funds and inhibiting the production capacity and management capability of enterprises, according to symposium.

**Xue Ju at Zhejiang's Education Fund Meeting**  
*OW2012015388 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 14 Dec 88*

[Excerpts] This afternoon a ceremony for the inauguration of the Zhejiang People's Educational Foundation was held in Hangzhou. Provincial party, government, and military leaders Xue Ju, Shen Zulun, Luo Dong, Tie Ying, Zhu Zuxiang, Shang Jingcai, Li Debao, Ding Deyun, Xue Yanzhuang, Zhan Shaowen, and Yang Shijie attended the meeting to offer warm congratulations.

The Zhejiang People's Educational Foundation of Zhejiang is a provincial-level social organization whose main task is to raise, manage, and use funds for developing education so as to help implement the 9-year compulsory education system throughout the province by the year 2000.

Honorary chairmen of the foundation are (Lei Shanyun), Xue Ju, Shen Zulun, Luo Dong, and Tang Yuanbing, with Li Debao serving as chairman.

At the meeting, after offering his congratulations on the establishment of the foundation on behalf of the provincial government, Governor Shen Zulun pointed out: We must have the determination to implement 9-year compulsory education by the year 2000, regardless of what difficulties we may encounter.

He said: The shortage of educational funds is a glaring problem facing us now. Governments at all levels, starting from the provincial government down, must do their best to promote education. Despite next year's tight budget, governments at all levels must try to increase educational spending.

He asked leading comrades of governments at all levels to reflect for a moment whether they have given proper attention to education. [passage omitted]

He said: We must carry our campaign to every corner of society to raise funds and seek support for education on a long-term basis.

**Zhejiang CPPCC Committee Meeting Begins 12 Dec**  
*OW1712043188 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 12 Dec 88*

[From the "Provincial Hookup" program]

[Text] The Fourth Meeting of the Standing Committee of the Sixth Zhejiang Provincial CPPCC Committee began in Hangzhou on 12 December. Shang Jingcai, chairman of the provincial CPPCC committee, presided.

The purposes of the meeting are mainly to study the report by Comrade Zhao Ziyang at the 3d Plenary Session of the 13th CPC Central Committee, relay and study the guidelines of the National Rural Work Conference, and discuss agricultural problems.

The Standing Committee of the Provincial CPPCC Committee heard a report by Vice Governor Xu Xinguan on the current economic situation in rural areas and arrangements for next year's rural work on the morning of 12 December.

**Worst Drought in 3 Years Hits Zhejiang Province**  
*OW1712180988 Beijing XINHUA in English 1441 GMT 17 Dec 88*

[Text] Hangzhou, December 17 (XINHUA)—East China's Zhejiang Province is currently in the grip of its worst drought in three decades.

In the past two months, the rainfall in the province has been less than 20 millimeters, between one-tenth and one-fifth the usual amount, according to the provincial meteorological observatory.

Water storage tanks are reportedly well down, and the water level of many rivers has dropped to the lowest point ever. Some rivers have dried up causing pumping stations to stop working and starving farmlands of water, said a local official.

The area devoted to grain growing was cut by 55,000 hectares earlier this year because of the lack of water, said a provincial agricultural department official.

Barley and wheat seedlings have withered, the official added. Water has been rationed in Zhoushan Island. Significant rainfall is not predicted until next February, the meteorological observatory said.

Meanwhile, local farmers are being organized to pour water into field furrows to save seedlings. Local commercial departments have been transporting diesel oil and fertilizer to the drought-stricken areas.



Natural disasters this year alone have cost the province an estimated one billion yuan in damage and lost revenue, according to a local government official.

Rainstorms hit the southwestern part of the province in May and June. In the following month, a flood hit the eastern part of the province, the first time this century this has happened.

On August 8, a typhoon swept through Hangzhou, the provincial capital, knocking down 90 of the city's 116 electricity lines and suspending rail and air transportation.

### Central-South Region

**Guangdong Coastal Development Strategy Viewed**  
*HK1912050988 Beijing RENMIN RIBAO in Chinese*  
12 Dec 88 p 2

[Dispatch by reporter Liang Zhaoming (4731 0340 2494): "Guangdong Province Firmly Carries Out Coastal Economic Development Strategy"]

[Text] Guangzhou—Guangdong Province is firmly carrying out the coastal area economic development strategy, and the export-oriented economy is gaining momentum for vigorous development.

Guangdong developed its export-oriented economy first by processing imported materials for re-export, and business in this field has increased rapidly in past years. Export volume in Guangdong ranked first in the country for many years running. From the beginning of this year to early November, the province's total export volume exceeded \$6 billion, or increased by nearly 40 percent as compared with the same period last year. Industrial products accounted for nearly 80 percent of the total export volume. In the first 10 months of this year, Guangdong made use of foreign funds totaling \$1.58 billion. At present, more than 140,000 out of the 1 million township and town enterprises in Guangdong are producing export goods. Nearly 20,000 enterprises are engaged in export-oriented production. In the Zhujiang Delta area, more than 300 "satellite towns" have accumulated substantial funds and trained experienced personnel in the running of export-oriented enterprises, and they are now upgrading their products. In this area, more than 140 township and town enterprises earn more than \$1 million in foreign exchange a year through exporting their products.

In Guangdong, enterprises engaged in export-oriented production owned and run by the state, townships and towns, collectives, and individuals are all developing vigorously. An important factor is that they not only export their products to the international market but also import raw materials from the international market, thus reducing their demand on raw materials from the domestic market, where there is a gap between the supply and demand for raw materials caused by the

overheated economy. In Zhongshan City, there are more than 800 enterprises engaged in export-oriented production and involved in foreign investment. They import most of the raw materials they need, then export the processed products to earn foreign exchange. This not only speeds up the city's use of foreign funds, but also helps many enterprises change the orientation of their production from the domestic market to the international market. In this city, more than 40 enterprises are now able to export goods worth more than \$1 million a year.

**Song Renqiong's Gives Speech in Guangxi 12 Dec**  
*HK2012055788 Beijing RENMIN RIBAO in Chinese*  
12 Dec 88 p 4

[Speech by Song Renqiong, head of the central delegation, at the 12 December meeting in Guangxi celebrating the 30th anniversary of the founding of the Guangxi Zhuang Nationality Autonomous Region]

[Text] Comrades:

Today is the 30th anniversary of the founding of the Guangxi Zhuang Nationality Autonomous Region. Coming to this southern city of the motherland to celebrate this grand festival with people of all nationalities in Guangxi, we, members of the central delegation, are very happy. Here, on behalf of the party central leadership, the NPC Standing Committee, and the State Council, I extend warm congratulations and cordial regards to the workers, peasants, cadres, intellectuals, patriotic personages, and all commanders and soldiers of PLA units and the armed police force in Guangxi.

People of all nationalities in Guangxi are industrious and intelligent and have a glorious revolutionary tradition. In the long process of historical development, people of all nationalities in Guangxi have made important contributions to the creation of the splendid Chinese civilization, and made heroic achievements in the cause of developing, constructing, and defending the southern border region of the motherland. After the founding of the CPC, people of all nationalities in Guangxi carried out an epic revolutionary struggle under the party's leadership. In the period of the Great Revolution, Comrade Wei Baqun, an outstanding son of the Zhuang people, launched a vigorous peasant movement in the Youjiang area and laid a good foundation for the later revolutionary struggle. In 1929 and 1930, Comrade Deng Xiaoping and other comrades organized and led the Bose Uprising and the Longzhou Uprising in Guangxi, which shocked the whole country; they founded the Seventh and Eighth Armies of the Red Army and the Zuoyuan Revolutionary Base, thus making huge contributions to the victory of the Chinese revolution. After the liberation of the whole country, Guangxi enjoyed the advantages of the party's policy for autonomy in nationality areas, and the Guangxi Zhuang Nationality Autonomous Region was established in 1958. This turned a new chapter in Guangxi's history.

In the past 30 years, Guangxi Zhuang Nationality Autonomous Region has traversed a brilliant and rough road. After the 3d Plenary Session of the 11th CPC Central Committee, cadres and masses of all nationalities in Guangxi, under the party's leadership, firmly focused their work on economic construction, persistently carried out the policy of reform and opening up, and made great developments in all fields in the autonomous region. In recent years, Guangxi has made breakthroughs in developing an export-oriented economy, and great changes have occurred in the traditional economic structure. The situation in economic development is getting better and better. Along with production development, the living standards of people of all nationalities have also been continuously improved. Marked progress has been made in education, science, technology, culture, public health, and sports. The socialist relationship between various nationalities characterized by equality, unity, and mutual aid has been further consolidated.

For a long time, people of all nationalities in Guangxi made great contributions and sacrifices to the defense of the border areas and resisted enemy invasions. A large number of heroes and models emerged in this struggle, and they added an illustrious chapter to the annals of the Chinese people. The great sacrifices made by the people of all nationalities in Guangxi in safeguarding our national security and national dignity will be remembered by the whole nation for ever. The central leadership and people of all nationalities throughout the country express lofty respects and heartfelt gratitude to you!

In the final analysis, the founding and development of the Guangxi Zhuang Nationality Autonomous Region and its achievements and contributions to the state in the past 30 years all marked the great victory of the party's policy for autonomy in nationality areas. The fundamental experience of Guangxi is to adhere to the leadership of the Communist Party and adhere to the socialist road. Without the leadership of the Communist Party and the socialist road, there would not have been the liberation of the people of all nationalities in Guangxi, nor today's development and prosperity. The people of all nationalities in Guangxi relied on their firm belief in the party and the socialist road to overcome all difficulties and setbacks and to build and defend the southern border areas of the motherland with a firm will. This is extremely valuable spiritual wealth, and is a strong driving force in our overcoming difficulties, blazing new trails, and making triumphant advances in the past, at present, and in the future.

Comrades, we are now situated in an important historical period of modernization. In this new historical period, our fundamental task is to greatly develop social productive forces and raise the standards of material and cultural lives of people of all nationalities. Guangxi is located in a subtropical region, which has a favorable climatic conditions, fertile soil, and rich resources. Guangxi has great development potential. So long as we rely on the unity and hard work of the people and cadres

of all nationalities to bring the advantages into play, overcome shortcomings, and formulate and implement a social and economic development strategy in light of the local conditions, we will certainly be able to build socialism with Chinese characteristics and make great achievements in developing Guangxi. Guangxi has great advantages in the sugar cane, subtropical crops, nonferrous metals, hydropower generation, and building materials industries. These advantages must be brought into full play and must be developed and utilized in a comprehensive way. Thus, the resource advantages can be turned into economic advantages. It is necessary to greatly develop agriculture and ensure grain production. It is also necessary to develop the energy industry, township and town enterprises, and other industries to ensure Guangxi's sustained economic development. The talents and technical advantages of eastern Guangxi should be combined with the resources in the west and northwest areas of Guangxi so that various areas can complement each other and seek common development. The west and northwest areas, which are inhabited by some minority nationalities, remain part of the poor areas in our country. Effective measures should be taken to help the people in these areas to overcome poverty and get rich.

In order to make great developments in all fields in Guangxi, we must continue to deepen reforms. In the transition period from the old system to the new, reform is of particular importance. Without reform, there will be no future development. Reform in various fields in the nationality areas must proceed from realities and must be realistic. All measures which are favorable to the development of productive forces can be tried and experimented. Building socialism in nationality areas is an important subject in our efforts to build socialism with Chinese characteristics. It is hoped that the cadres and the masses of all nationalities in Guangxi will boldly make explorations and actively carry out reforms to find a path suited to the development of nationalities areas and to seek the common prosperity of all nationalities.

Opening up to the outside world is an important condition for areas inhabited by minority nationalities to develop the economy, productive forces, and make social progress. Guangxi is the only nationality autonomous region with open coastal cities in our country. Guangxi has favorable conditions for developing an export-oriented economy. It should grasp this opportunity and make full use of advantages provided by the state's coastal economic development strategy to actively carry out foreign economic and technological cooperation; to strengthen the construction of export production bases; to improve the investment environment of the open cities in Guangxi; and to increase its competitive power in the international markets.

In order to quicken the pace of construction in Guangxi, it is necessary to make great efforts to develop education, scientific research, technology, and other cultural undertakings, speed up the training of talented people and



intelligence development, and continuously raise the ideological and moral quality and the cultural and scientific attainments of the people of all nationalities in Guangxi. Talented people should be trained through diverse channels and in various forms. This is the key to the enhancement of the national quality and the development of Guangxi's economy.

Continuously consolidating and developing the new socialist relationship and promoting the unity between various nationalities is an important guarantee for maintaining the country's unification and social stability and for smoothly carrying out reform and construction. It is hoped that our comrades in Guangxi will continue to carry forward the fine tradition of nationality unity, and will conduct education in the Marxist theory about nationalities and the party's nationality policy among cadres and the masses. All people should be aware that "the Han nationality cannot do without minority nationalities and the minority nationalities cannot be separated from the Han nationality." We should respect the customs and habits of various nationalities, and respect their right to develop their own languages and writing. Publicity should be given to the model units and individuals in nationality unity, those who make contributions to unity should be commended. The harmonious atmosphere between the people of all nationalities who love each other, trust each other, and assist each other in the entire autonomous region should be raised to a new level.

The Law on Autonomy in Nationality Areas is a basic law of the state. Guangxi should formulate its own autonomous regulations in light of the nationality autonomy law in connection with its political, economic, cultural, and nationality conditions, and then seriously put them into practice. This will ensure the autonomous rights of the autonomous institutions, and fully arouse the initiative of the autonomous localities and the masses to advance reform and construction and to realize prosperity. It is necessary to continue to make great efforts to cultivate minority nationality cadres in various forms. We should not only train more party and government cadres of minority nationality origin, but should also train more professional and technical cadres to meet increasing needs in the exercise of the autonomous rights of the region and economic and cultural construction in the areas inhabited by minority nationalities.

The 3d Plenary Session of the 13th CPC Central Committee which was held not long ago, put forward the guideline and policies for improving the economic environment, rectifying the economic order, and deepening all-round reforms. In order to fulfill this arduous task, we must strengthen the party's leadership and bring our political advantages into full play. People of all nationalities in Guangxi should work with one heart and one mind under the leadership of the regional party committee and the regional people's government and make

greater contributions to the further consolidation of nationality unity, to the great cause of reform, opening up, and modernization, and to the regeneration of the Chinese nation.

Comrades, over the past 30 years, since the founding of Guangxi Zhuang Nationality Autonomous Region, people of all nationalities in Guangxi, under the leadership of the regional party committee and the regional people's government, have seriously carried out the party's line, principles, and policies and have made remarkable progress through united struggle and overcoming difficulties. While reviewing the past and looking forward to the future, we are full of confidence. Our reform cause will certainly succeed; our socialist cause will certainly become more prosperous; and Guangxi Zhuang Nationality Autonomous Region will certainly be built better!

**Wei Chunshu Discusses Guangxi Revitalization**  
*HK2012060388 Beijing RENMIN RIBAO in Chinese*  
12 Dec 88 p 4

[XINHUA report: "Wei Chunshu Addresses Meeting Celebrating the 30th Anniversary of Founding of the Guangxi Zhuang Autonomous Region"]

[Text] Nanning, 11 Dec—Chairman of the Guangxi Zhuang Autonomous Region Wei Chunshu speaking at today's meeting—held to celebrate the 30th anniversary of the founding of the autonomous region—called on people of all nationalities of the region to unite in bravely moving forward, building enterprises amidst hardships, lose no time catching up, and quicken the pace of revitalizing Guangxi.

In his speech, Wei Chunshu said: In the 30 years since the founding of the Guangxi Zhuang Autonomous Region, under the leadership of the Chinese Communist Party, people of all nationalities have seriously exercised the right of regional national autonomy, carried forward the spirit of self-reliance and hard struggle, strived to carry out economic construction, and actively developed educational, scientific and cultural undertakings, bringing about profound changes in the economic and social features of Guangxi. In 1987, as compared with 1957, total industrial and agricultural output value of the whole autonomous region showed an increase of around 700 percent, with an increase of 2,000 percent accounted for by total industrial output value and an increase of more than 200 percent by total agricultural output value. Communications and transportation undertakings have showed relatively quick development. There has also been relatively great development in fields of education, science, technology, culture, sanitation and sports. Life of urban and rural people has showed continuous improvement.

He said that since the founding of the autonomous region, we have energetically carried forward the fine tradition of national unity; constantly conducted education on the party's policy toward nationalities among

cadres and people of all nationalities and the Marxist concept of nationalities and education on "the Hans being inseparable from minority nationalities, and minority nationalities being inseparable from the Hans;" vigorously promoted typical examples of national unity; and actively carried out activities in commending acts of national unity. People of all nationalities of the autonomous regions have formed close and fraternal relations with each other—relations of being interdependent like lips and teeth, sharing joys and sorrows together and fighting in unity. Since the 3d Plenary Session of the 11th CPC Central Committee, the policy of regional national autonomy has been further carried out on a firm basis, with the successive establishment of the Fuchuan Yao Autonomous County, the Luo Cheng Mulao Autonomous County, the Huanjiang Maonan Autonomous County, and the Dahua Yao Autonomous County. The autonomous region has thus established 12 national autonomous counties and 62 nationalities villages. Apart from the Zhuang people, among nationalities practicing autonomy are the eight minority nationalities—Yaos, Miaos, Dongs, Mulaos, Maonans, Jings, Yis, and Gelaos. To meet the needs of economic construction and development of various fields of endeavor in nationalities areas, we have trained and created a large number of cadres of minority nationalities. At present, the number of cadres of minority nationalities of the autonomous region has increased to more than 270,000, accounting for 34 percent of the total number of cadres throughout the region, an increase of 850 percent compared with when the autonomous region was first founded in 1958. The emergence of cadres of minority nationalities has played a positive role in guaranteeing success in making people of minority nationalities real masters of the house and in stimulating the development of various fields of endeavor in our region.

Wei Chunshu said that at present, our region's level of productivity is very low. The commodity economy is underdeveloped and the area affected by poverty is vast. The whole region has still not solved the problem of keeping 6 million people adequately clad and fed. Apart from such objective causes as a weak economic foundation, a long period of fighting, scarcity of input, and so forth, the main factor is the lack of objective efforts on our part, and mistakes in work. We must face up to reality and admit to our backwardness. But we must not be reconciled to backwardness. We must resolve to unite in bravely getting ahead, build enterprises amidst hardships, lose no time catching up, and quicken the pace of revitalizing Guangxi. At present and for a period of time to come, we must in the economic development of our region pay attention to improving economic results and striving for sustained and steady development of the economy. We must increase input in agriculture, energy, communications, and other fundamental construction efforts, quicken the pace of technical progress, and increase the reserve strength for development. We must solve the problem of adequate clothing and food for poverty-ridden areas.

He said that we must firmly and unswervingly carry out the general guideline of reform and openness. Reform and openness represent a road that must be followed in revitalizing Guangxi. Only by upholding reform and openness can the many difficulties and problems facing minority nationalities and their areas be fundamentally solved. We must take reform as a basis for unified control of the whole situation, continuously strengthen the sense of responsibility and the sense of urgency in regard to reform and openness, and promote in a well-led and orderly manner an overall reform with things linked up. At present and for a period of time to come, we must lay emphasis on properly deepening internal reforms in enterprises and perfecting the rural contracted responsibility system. Meanwhile, we must take proper care of reforms in other respects, with things linked up. We must continuously uphold the system of regional national autonomy, develop new socialist national relations, uphold social stability and unity, and simulate the smooth development of various fields of endeavor.

**Chen Huiguang Commends Guangxi Unity Workers**  
*OW1612225288 Beijing Domestic Service*  
*in Mandarin 1030 GMT 10 Dec 88*

[Text] As part of the celebrations underway to mark the 30th founding anniversary of the Guangxi Zhuang Autonomous Region, a grand meeting was held in Nanning this morning to commend advanced individuals and collectives for promoting nationality progress and unity. Included in the commendation were some 500 representatives from collectives and individuals of 16 nationalities from (Zhuangxiang), (Yaoshan), (Miaoling), (Dongzai), border areas, and islands. They have made a tremendous contribution to unity among the nationalities, to Guangxi's economic, cultural, and educational development, and to the defense of the motherland's frontiers.

Song Renqiong and Fei Xiaotong led a delegation to the meeting and presented awards to the representatives. Also attending the session were the members of 19 other delegations, including those from Inner Mongolia, Tibet, Ningxia, and Xinjiang.

Fei Xiaotong warmly greeted the meeting on behalf of the central delegation. He stated: The advanced behavior of these representatives not only has embodied unity and progress among the various nationalities throughout China, but also has portrayed the success of the party and government's nationality policy. For years, people of various nationalities in Guangxi have united together and helped one another in joint work and struggles. They have been getting along with each other on an equal basis. Nationality unity has a strong foundation in society and has become a fine tradition. People of various nationalities have made joint efforts to attain encouraging achievements in various fields. He said: People of various nationalities in Guangxi should firmly establish the idea that the Han nationality cannot be separated from the minority nationalities, and that the



minority nationalities cannot be separated from the Han nationality. They should also seriously implement the law governing autonomy in nationality regions, closely unite together, build an enterprise through hard struggle, and further promote unity among nationalities.

Chen Huiguang, secretary of the Guangxi Zhuang Autonomous CPC Committee, asserted: We should make more efforts to emancipate the mind and to further carry out the general principle and policy of reform and opening to the outside world in this new historical period. We should persist in pursuing the standards of productive forces and take bold action to reform all matters that are neither suitable for developing productive forces in minority nationality regions nor favorable for minority nationalities' prosperity. We should make use of the autonomous rights given by the constitution and the autonomy law, as well as the preferential treatments given by the central government to Guangxi as a coastal economic opening area, to develop a socialist commodity economy and expedite Guangxi's economic development.

**Hubei Secretary Written Speech at Defense Forum**  
*HK1912152188 Wuhan Hubei Provincial Service*  
*in Mandarin 1000 GMT 16 Dec 88*

[Excerpt] A provincial conference for exchanging experiences in conducting national defense education among the whole people, which was held in Shashi City from 13 to 15 December, stressed: National defense education is systematic socioengineering and an education for the whole society. Socioengineering must be carried out in the whole society and the people's education must arouse the attention of the whole people. In the years to come, national defense education for the whole people of our province must be conducted in the spirit of reform and focus on patriotism. To this end, the whole society must be mobilized to scale new heights with joint effort in national defense education of our province so as to make new contributions to inspiring national confidence and attaining the strategic goal of making our province rise in central China.

The meeting, called jointly by the provincial party committee Propaganda Department and the Hubei Provincial Military District's Political Department, is a relatively large meeting specifically on national defense education that has not been held in recent years. It was attended by leaders of propaganda departments of party committees at the prefectural, city and autonomous prefectural levels, military subdistricts, and People's Armed Forces departments of some cities and counties.

Guan Guangfu, secretary of the Hubei provincial party committee and first secretary of the Hubei provincial district party committee, gave a written speech at the meeting. Zhang Xueqi, a member of the provincial party committee and political commissar of the Provincial Military District, delivered a report entitled: Size Up the Situation and Sum Up Experience To Carry Out National Defense Education of our Province In-depth.

The meeting was presided over by Wang Zhongnong, head of the provincial party committee Propaganda Department, and Xu Shiqiao, director of the Hubei Military District Political Department. [passage omitted]

**Xiong Qingquan at Hunan People's Congress Forum**  
*HK1812064488 Changsha Hunan Provincial Service*  
*in Mandarin 2300 GMT 15 Dec 88*

[Excerpts] A provincial conference on the role of the People's Congress opened in Changsha yesterday morning. Provincial party committee Secretary Xiong Qingquan delivered an important speech at the conference, emphasizing that it is necessary to make greater efforts to seek a common understanding of the important position and role of the People's Congress in the new situation, to strengthen and improve the party's leadership over the People's Congress, and to give fuller play to the role of people's congresses at all levels, so that socialist democracy can develop in the province; local people's congresses can play a greater role; and greater successes can be achieved in the reform, opening up, and modernization of the province. [passage omitted]

Xiong Qingquan noted that one of the party committee's important duties is to strengthen its leadership over the People's Congress. The party committees at all levels should devote their efforts to three aspects. First, the party committee should give full support to the People's Congress and its Standing Committee so that they can effectively exercise their power according to the law. The successful implementation of this principle rests on the appropriate regulation of the relations between the party committee and the People's Congress regarding the distribution of power and a good integration of the party's principles and policies with the implementation of laws. Second, it is necessary to properly regulate the relations of the Standing Committee of the People's Congress with the government, the people's court, and the People's Procuratorate. On the one hand, the government should readily submit itself to supervision by the People's Congress and learn how to have things done with the assistance of the People's Congress; on the other, the Standing Committee of the People's Congress should properly perform its duties while refraining itself from overstepping its authority. Third, it is necessary to show concern for the development of the Standing Committee of the People's Congress.

Comrade Xiong Qingquan also noted that the people's congresses at all levels must take the guarantee of further development of the reform as their priority task. [passage omitted]

This conference on the role of the People's Congress was held according to a decision by the provincial party committee. Provincial party committee deputy secretary and CPPCC provincial committee Chairman Liu Zheng presided over yesterday morning's session. Present at the conference were provincial party committee deputy secretary and chairman of the Standing Committee of the

provincial People's Congress Liu Fusheng; members of the Standing Committee of the provincial party committee and vice chairmen of the Standing Committee of the provincial People's Congress who were currently staying in Changsha; secretaries of the party committees of various prefectures, autonomous prefectures, cities, and counties; secretaries of party committees of some districts under cities; secretaries of the party branches of the standing committees of autonomous prefectural, city, county, and district people's congresses; and responsible comrades of liaison offices of prefectural people's congresses.

### Southwest Region

#### Sichuan Grassland Pests Survey Completed

OW2012011288 Beijing XINHUA Domestic Service  
in Chinese 1300 GMT 14 Dec 88

["Local Broadcast News Service"; by reporter Ouyang Huiyun]

[Text] Chengdu, 14 Dec (XINHUA)—A survey on the harm caused by rat and insect pests in the grasslands of northwestern Sichuan Province, was recently accepted as having passed evaluation. This was a key study project for the Ministry of Agriculture in the Seventh 5-Year Plan period. Specialists in this field hold that this survey was an important scientific research project, and that it will contribute to local agricultural production.

The survey, which took 3 years to complete, provides a clear picture of the variety of rat and insect pests in northwestern Sichuan, the distribution of these pests, the harm they caused, and their natural enemies. This provides scientific evidence for making plans for the protection of the grasslands in the area. Scientists who conducted the survey took measures to prevent pest harms while carrying out their work, and drew up a plan for protecting forage grasses in Sichuan. The plan has been accepted by the departments concerned, and measures have been taken to implement it.

The survey project was conducted by the Sichuan Provincial Grassland Study Center and the Sichuan Provincial Grassland Work Center in cooperation with 13 pastoral areas and counties. The survey covered nearly 6 million hectares, accounting for 68.5 percent of the total utilizable grassland in Sichuan.

### North Region

#### Beijing's Li Ximing Commends Antigraft Work

OW1612181788 Beijing XINHUA in English  
0849 GMT 16 Dec 88

[Text] Beijing, December 16 (XINHUA)—Prosecutors in Beijing will concentrate on stamping out embezzlement and bribery in their fight against economic crime, according to today's BEIJING DAILY.

Among economic cases dealt with by procuratorial organs at all levels of the city so far this year, the paper said, 34.5 percent involved embezzlement or bribery.

The newspaper, organ of the city's Communist Party Committee, reported that the city's procuratorates have handled 1,954 embezzlement and bribery cases since 1982.

Li Ximing, secretary of the municipal committee of the Chinese Communist Party, praised the city's prosecutors for their hard work and outstanding achievements in fighting embezzlement and [words indistinct] a municipal meeting of prosecutors yesterday.

The party secretary encouraged prosecutors to play a bigger role in improving the economic environment and straightening out economic order in the capital, and make greater contributions to keeping government functionaries clean and honest.

#### Report of Beijing's Grain Purchasing Work

SK1912065188 Beijing BEIJING RIBAO  
in Chinese 8 Dec 88 p 1

[Excerpts] After reaping bumper grain harvests, the suburban areas of Beijing started grain purchasing work early, and the progress was rapid. By 5 December, the municipality had purchased 284.92 million kg of grain, more than 40 million kg over the corresponding period last year. Of the total, 144.36 million kg were purchased according to grain purchasing contracts, equivalent to 87 percent of the annual contracted purchasing task, and showing an increase of 10.29 million kg over the same period last year. The task of purchasing, at negotiated price, the grain to be sold at government fixed price was overfulfilled, and 59.78 million kg were purchased. [passage omitted]

This year's grain output totaled 2.346 billion kg, an increase of 3.35 percent over the previous year. This laid a solid foundation for the fulfillment of the grain purchasing task. [passage omitted]

#### Agricultural Group Contracting Expands in Hebei

OW1912035188 Beijing XINHUA in English  
1033 GMT 15 Dec 88

[Text] Beijing, December 15 (XINHUA)—Group contracting for agricultural production has expanded rapidly this year in Hebei Province, north China.

A recent survey conducted by the local science and technology commission showed that there are 1,765 contracting groups in the province. More than 20,000 agro-scientists and technicians, or about 48 percent of those now working in rural areas are involved in group contract work.



Contracting groups are composed mainly of scientists from research units, local government departments, and universities and colleges. Most of their personnel have specialized in modern agricultural techniques. They organize themselves into specialized groups to offer technical services to farmers in growing grain, fruits and vegetables.

The farmers agree to pay them according to the effectiveness of their services.

An official from the commission said group contracting has more advantages than the individual contracting system in applying agricultural techniques to farm production.

This year the contracting groups have spread 2,600 new methods of scientific farming in rural areas—50 percent more than last year, he added.

The survey showed that contract groups involved in the production of grain, cotton, vegetables and fruits have produced greater yields than individuals contracted for similar projects.

The Hebei provincial government has adopted a number of new policies to encourage agrotechnicians to take part in group contracts, including preferential pay scales, bonuses and special housing, the official said.

The survey predicts that even more agricultural technicians will become involved in working with contract groups on the province's farms next year.

**Report on Tianjin Ocean Railway Network Hub**  
*OW1612202888 Beijing XINHUA in English*  
1107 GMT 16 Dec 88

[Text] Tianjin, December 16 (XINHUA)—Tianjin Port, which has China's largest container wharf, shipped 8,943 containers to inland areas in the January-October period this year, XINHUA learned today.

And the number is expected to climb to 10,000 by the end of the year.

This is a result of the formation of an international container ocean-railway through-transport network with Tianjin port as its center, which covers northwest, southwest and north China, said a Tianjin official.

According to an agreement signed in the first half of 1987 by the Beijing and Hohhot Railway Bureaus, the China Ocean-Shipping Company and its Tianjin branch, and three other work units, containerized import cargoes are shipped directly from Tianjin port to inland railway stations.

"The through-transport network neatly links up inland transport and ocean shipping, and speeds up the handling of containers," the official said.

Through-transport methods will be spread across the country according to a telephone meeting cosponsored by the Ministries of Railways, Communications, and Foreign Economic and Trade Relations, and the State Planning Commission in late November.

**Northeast Region**

**Heilongjiang Province Reports Bumper Harvest**  
*OW1912233988 Beijing XINHUA in English*  
1540 GMT 19 Dec 88

[Text] Harbin, December 19 (XINHUA)—Heilongjiang Province, one of China's major producers of commodity grains, has reaped a bumper harvest this year, according to an official from the Heilongjiang Provincial Statistics Bureau.

This year's total output of grain, beans and yams reached 17.57 billion kilograms, 270 million kilograms more than last year. This is the third year the province has harvested 17.5 billion kilograms, the official said.

According to statistics, cash-crop growing areas in the province have increased by 133,000 hectares this year. And the province has also good harvests of oil crops, beets and flax.

**Heilongjiang Oil Field Receives Bank Loans**  
*OW1912234288 Beijing XINHUA in English*  
1502 GMT 19 Dec 88

[Text] Beijing, December 19 (XINHUA)—The Bank of China will provide 600 million U.S. dollars in foreign exchange loans to help further develop the Daqing oilfield, one of China's biggest, according to a bank spokesman.

The loans will be applied to two construction projects in the 30-year-old oilfield.

The spokesman said the two projects are expected to supply an annual 31.22 million barrels of crude oil when they are completed.

Since 1979, the Bank of China has provided loans totalling 4.29 billion U.S. dollars to support development and construction of 16 oilfields, including Daqing, Shengli, Liaohe, Zhongyuan and Jilin.

The spokesman said the projects are expected to add 134 million barrels to China's annual crude oil output on their completion.

The Daqing oilfield, discovered in 1960s, has reported a drop in oil production in the past 10 years.

However, Ding Guiming, vice-director of the Daqing Oil Administration, said that in the last five years verified oil reserves of 3,094 million barrels have been discovered around the oilfield.

Reserves of 25.39 billion cubic meters of natural gas have also been confirmed.

The verified oil and gas reserves are estimated to be 1.6 times the proven reserves in the two decades following the oilfield's discovery.

Oil prospecting began in 1983 and a particularly large oil- and gas-bearing stratum was found in 1985, Ding said.

**He Zhukang on Inspection Tour of 2 Jilin Cities**  
*SK1812132088 Changchun JILIN RIBAO in Chinese*  
16 Nov 88 p 1

[Text] Recently, while visiting Hunjiang and Tonghua Cities and urban and rural areas of some counties and districts with a view to inspecting their implementation of the guidelines of the 3d plenary session of the 13th party Central Committee and the arrangements made by the working conference of the provincial party committee, He Zhukang, secretary of the provincial party committee and provincial governor, pointed out that we had to use the guidelines of the 3d plenary session of the 13th party Central Committee to further unify the people's thoughts and understanding, and had to implement to the letter the resolutions adopted by the 3d plenary session of the 13th party Central Committee.

Comrade He Zhukang led responsible comrades of pertinent departments of the provincial party committee and the provincial government to Hunjiang and Tonghua Cities as well as urban and rural areas of some counties and districts. They listened to reports on their situation, and went deep into some industrial and mining enterprises, commercial centers and shops, town and township enterprises, private enterprises, and scientific research units to inquire about problems and difficulties in their management and production. Meanwhile, Comrade He Zhukang solved some practical problems for these areas and units with the cooperation of the comrades of pertinent departments who were traveling with him.

**Further Unify Thoughts and Firmly Implement Policy Decisions of the Central Authorities**

From the results of the investigation, Comrade He Zhukang learned that party organizations at various levels had conscientiously and rapidly relayed and implemented the central authorities' policy decision on improving the economic environment, rectifying the economic order, and comprehensively deepening reform as well as the disposition and measures adopted by the provincial party committee on implementing the central authorities' policy decision. Generally speaking, our comrades were relatively unanimous in their understanding of this policy decision. However, there were also a small number of comrades who lacked a comprehensive and profound understanding of the guidelines of the 3d plenary session of the 13th party Central Committee. In their understanding of the current situation,

some of these comrades regarded problems and difficulties as too serious; and others, on the contrary, were unrealistically optimistic and still competed overheatly with one another in a race for speed. The failure in solving this problem will certainly affect the implementation of the policy decision of the 3d plenary session of the 13th party Central Committee. Therefore, Comrade He Zhukang pointed out:

We must further unify our understanding of the guidelines of the 3d plenary session of the 13th party Central Committee. To truly implement the central authorities' policy decision on improving the economic environment, rectifying the economic order, and comprehensively deepening reform, all people, from top to bottom and from leading cadres to the masses, must further deepen their comprehensive understanding of the guidelines of the 3d plenary session of the 13th party Central Committee. The policy decision on improving the economic environment and rectifying economic order were set forth under the prerequisite of upholding reform and openness with a view to creating an even better economic environment and economic order for comprehensive reform, including price reform. Now, instead of winding up reform, we should carry out reform in an even, profound manner, and instead of stopping it, we should make progress in an even, stable manner. Reform and openness should continue, and the orientation and objectives of reform and openness have not changed. We must have a clear and correct understanding of this question.

We must unify our understanding of the current situation. We must analyze and appraise the current situation in a realistic way. We should not only fully affirm achievements, but also have a sufficient appraisal of problems and difficulties. Far from being unrealistically optimistic over the current situation, we should not consider the current situation a complete mess and then lose confidence. Only when we analyze and understand the current situation and make clear appraisal of the nature and causes of the problems and difficulties we face now can we formulate correct policies and regulations and can we adopt effective measures to go into action positively and soundly, to overcome difficulties, to solve problems, and to win a still greater victory.

We must resolutely implement the policy decision formulated at the third plenary session. Resolute implementation indicates implementing firmly and unshakably to the letter the policy decision of the third plenary session. Instead of glancing to the right and left, constantly stressing peculiar local conditions or fearing the suffering of losses, we must change the state of competing with one another in a race for speed, shift the emphasis on minor principles to attention to major principles, change requirements for promoting scale and speed to those for improving production rates and economic results, accurately handle the relationship between the parts and the whole, rely on solid work, and truly implement the policy decision of the third plenary session.



We should further seek unity in thought. In addition to conscientiously studying and mastering the document guidelines adopted at the third plenary session, we should attend to recalling the past and contrasting it with the present in the course of conducting education on the current situation, sum up experiences, explore reform law, disseminate and popularize good examples, and creatively conduct our work. Solving ideological problems is not a task that can be accomplished at a certain time. There are ideological relapses. Therefore, we must constantly and repeatedly attend to it. In the entire course of implementing the policy decision of the third plenary session, we should solve ideological problems and strive to seek unity in thought. By so doing, our thinking can be unified solidly, firmly, and constantly and our action can be guided and unified by the guidelines of the third plenary session.

#### **Adopt Effective Measures for Solving Current Prominent Problems**

To implement the policy decision of the 3d plenary session of the 13th party Central Committee and the arrangements made at the work conference of the provincial party committee, we must not only seek unity in thought but must also adopt effective measures for solving specific problems and strive to implement the policy decisions of the central authorities to the letter.

We should firmly attend to solving the problems concerning lack of funds for purchasing farm and sideline products, particularly grain. This year, our province reaped a bumper agricultural harvest. This is good. However, at present, we are confronted with problems concerning lack of funds for purchasing farm and sideline products. We must think of methods to solve these problems: 1) Reduce the expenses for other uses and ensure the funds for purchasing farm and sideline products. 2) Banks and special banks should concentrate funds in a unified manner, try every possible means to collect funds, and strive to collect funds from various fronts and provide short-term inter-bank loans. 3) The localities that have failed to pay money to the peasants are permitted to open bankbooks or debt bills for the peasants on the premise of giving due interest to the peasants and not letting them suffer losses. Meanwhile, we should positively reflect facts to the higher levels and strive to gain the support of the central authorities. In short, we should try every possible means to do our work well, ensure purchases of farm and sideline products, and have the peasants rest assured.

We should increase effective supply and make good market arrangements. Comrade He Zhukang paid special attention to the questions concerning the supply of pork; paid full attention to problems related to households especially engaged in hog raising; and called for prominently attending to the development of livestock farming in the course of developing town and township enterprises. In the past, we paid more attention to developing industry in the course of running town and

township enterprises. Many localities where conditions do not permit this cannot make strides in this regard. But, the development of livestock farming can be ensured since we can score faster and greater results with less investment in development. For instance, we can net more than 100 yuan of profit from raising a hog within a due scale of a livestock farm. We must not only develop specialized hog-raising households but also encourage the collectives to engage in hog raising. Each and every village should set up hog-raising farms with a capacity of 500 to 1,000 head of hogs. In this way, the village can earn 100,000 or 200,000 yuan of income annually.

By doing so, we may not only increase market supplies and stabilize market and commodity prices, but may also solve problems concerning the village cadres' remuneration and some essential public welfare undertakings. This work must be grasped as a task that we must fulfill. The key to successfully developing the breeding industry lies in solving problems concerning a series of services throughout the production course. At present, the supply of animal feed is comparatively short. The departments concerned should cooperate with one another and study ways to solve this problem as soon as possible.

It is necessary to make continued efforts to deepen enterprise reform. After the work meeting of the provincial party committee, the provincial government held a special meeting on deepening enterprise reform. The current issue is to grasp work with relentless effort. We should further improve the contract system and introduce the competition mechanism. Large- and medium-sized enterprises should use township enterprise management methods for reference in an effort to further invigorate business. It is necessary to actively develop the contract and shareholding systems and explore other ways to develop various forms of the shareholding system. We should popularize the experience of the No. 4 Tonghua City garment plant in implementing the silent operation and good efficiency work method, strengthen scientific management among enterprises, and achieve good results in management.

#### **Strengthen Party Building and Display Political Advantages**

Strengthening party building is a fundamental guarantee for the smooth fulfillment of the tasks to improve the economic environment, rectify economic order, and deepen reforms. We should unceasingly improve party members' quality and display the role of grass-roots party organizations as a fighting bastion. The quality of party members should be manifested first in their sense of political responsibility. All Communist Party members, when they come across problems, should think about what responsibilities they should shoulder. They should set examples with their own conduct and should not complain or find fault with others. Only when each and every party member recognizes the heavy responsibility on his shoulder and promotes his active, enterprising, vanguard, and exemplary role can he lead the masses

to overcome the difficulties on his road of advance and can the fighting capacity of the party's grass-roots organizations be unceasingly strengthened.

In strengthening party building, we must persist in running the party strictly. We must conscientiously investigate and handle those persons who violate laws and discipline and engage in corruption and bribery and who, in addition to not actively engaging in reform, have also used the signboard of reform to endanger reforms, until they are expelled from the party. Those who violate the laws must be held responsible for their crimes. Some of them may be punished by circulating a notice internally or by publishing their cases in the newspaper and let the negative examples play an active role in educating party members.

In strengthening party building, we must strictly enforce party discipline. This is an important guarantee for displaying political advantage and strengthening party leadership. At present, some party members and cadres, including some leading cadres, have a blunted sense of discipline and have an out-and-out disregard for orders and bans from the top. Some have even acted in their own ways and paid no attention to laws and discipline. In enforcing discipline, first, they are listless, second, they have competed with one another, and third, they have asked someone to plead for them. We should persist in setting examples without own conduct and strictly enforce discipline. "The revolution would be invincible if the sense of discipline were strengthened." The Communist Party has iron discipline. Only by strictly enforcing discipline can we guarantee the implementation of the party's principles and policies.

In strengthening party building, we must grasp the building of organizations on the one hand and the building of grass-roots units on the other. It is necessary to strengthen ideological education as well as education on professional ethics and professional competence. Cadres who are poor in quality and are noticeably incompetent at their jobs must be adjusted.

**Jilin Rural Work Conference Ends 16 Dec**  
*SK1812121288 Changchun Jilin Provincial Service*  
*in Mandarin 2200 GMT 16 Dec 88*

[Text] The provincial rural work conference concluded in the city of Changchun on 16 December. During the meeting, the participants earnestly studied the decision made by the CPC Central Committee and the State Council on having a bumper agricultural harvest in 1989 and studied the speeches given by leading central comrades. They also heard and discussed speeches given by Comrades He Zhukang and Hui Liangyu, as well as exchanged experiences gained in conducting reforms in rural areas and in accelerating the pace of economic development over the past 10 years.

During the conference, the participants approved the correct analysis of the province's rural situation, deepened their understanding of the basic position of agriculture, and clearly defined the direction of deepening the reform drive in rural areas and the tasks of rural work for the coming 2 years.

Attending the conference on 16 December were leading comrades, including He Zhukang, Wang Zhongyu, Zhang Fengqi, Huo Mingguang, Du Qinglin, Gu Changchun, Chen Xingyin, Gao Wen, Hui Liangyu, Gao Yan, Luo Yuejia, and Yu Zonghuan.

Comrade Gu Changchun presided over the conference and Comrade Wang Zhongyu delivered a summary speech at it on behalf of the provincial party committee and the provincial people's government.

It was pointed out at the conference that having a bumper agricultural harvest in the coming 2 years, particularly in 1989, represents an emergency task set by the CPC Central Committee and the State Council for the entire party and people throughout the country. Fulfilling this task has an extremely vital bearing on achieving harmonious development between the two key productions of industry and agriculture and on stabilizing the situation as a whole. Therefore, working for a bumper agricultural harvest in 1989 constitutes not only an economic task but also a political one. Cadres at all levels throughout the province must now fully understand and adequately estimate the difficulties and problems that have cropped up in agricultural work and production and should not be blindly optimistic. They must note that our province still has many favorable conditions for reaping a bumper agricultural harvest in 1989: 1) The province has reaped several consecutive bumper harvests in agriculture, which have upgraded the peasants' investment capability. 2) Our province's agricultural production is still in the development period. The province is just beginning to conduct intensive farming in order to fully tap the potential of output increase factors before the farming season. 3) The idea harbored by cadres and the masses throughout the province on regarding agriculture as a base is worth treasuring, and they have gained some experiences in overcoming natural disasters. 4) A larger number of peasants believe in the party's policies and are satisfied with the reform drive. Only by grasping or applying these favorable conditions can we upgrade the people's consciousness in overcoming difficulties and have a great hope for a bumper agricultural harvest in 1989.

During the conference, the participating comrades contended that ensuring the implementation of policies represents an important method in bringing the peasants' enthusiasm into play. Some concrete policies and measures for increasing funds and materials for agricultural production have been adopted at the conference, which must be implemented earnestly. In improving the environment and rectifying the order in the coming 2 years, efforts should be made to curb the overheated



phenomenon in industry and to reinforce agricultural production. This urges people to make their personal interests subordinate to the interests of the whole. This also urges some localities to sacrifice their own interest to achieve long-term and stable development of the economy as a whole, and to ideologically bring about a change in the strategic order of importance and urgency and improve the investment structure. Financial departments at all levels should adopt every possible means to appropriate some funds for agriculture. Efforts should be made to stress the method of raising agricultural funds at multiple levels and through multiple channels and of managing these agricultural funds well.

It was pointed out at the provincial rural work conference that we should achieve great development in agricultural production in the coming 2 years and rely on scientific and technological progress to tap production potential. At present, localities should popularize as soon as possible the scientific and technological results, particularly major planting and raising technologies, among rural areas and turn them into practical productive forces. We should also adopt every possible means to upgrade the wages of scientific and technological personnel and to improve scientific and technological methods and work conditions so as to bring their enthusiasm into play. In popularizing applied technologies, efforts should be made to actively upgrade the quality of peasants.

It was demanded at the conference that industries and trades across the province should vigorously support agricultural production. Several demands for successfully making preparations for 1989 agricultural production were adopted at the conference, which are as follows: 1) A good job should be done vigorously in making preparations for funds. 2) A good job should be done firmly in making preparations for materials. 3) A good job should be done in formulating 1989 production plans. Localities should make public as soon as possible the contents of production contracts and do a good job in signing them. In formulating production plans, efforts should be made to respect the peasant's right of self-determination. 4) A good job should be done in making living arrangements and production preparations for households that have been stricken by disasters or for poor households to actually ensure a bumper agricultural harvest in 1989.

**Editorial Views Liaoning Production Tasks**  
*SK1712113888 Shenyang LIAONING RIBAO*  
*in Chinese 25 Nov 88 p 1*

[LIAONING RIBAO 25 November editorial: "Firmly Grasp Industrial and Communications Production This Winter and Next Spring in the Course of the Improvement and Rectification Drive"]

[Text] Currently, our province is conscientiously making an effort to relay and implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and to firmly implement the central principles, policies, and

measures on improving the economic environment, rectifying economic order, and comprehensively deepening reforms and our province's major points for implementing these policies and measures. The general situation is good; however, one of the important problems which we must explain, in particular, is how to guide the broad masses of cadres and the people to deeply understand the guidelines of the 3d Plenary Session of the 13th CPC Central Committee in the course of implementing the improvement and rectification principles; and how to make them correctly understand the relationship between having a correct understanding of the drive to improve the economic environment and to rectify economic order and the work of stabilizing the economy and deepening reform and how to correctly handle the relations between controlling the overheated economy and keeping a steady economic growth, in an effort to seize the opportune moment to firmly grasp industrial and communications production this winter and next spring.

Over the past few years, our province had the problems of competing in a race for speed and position. We failed to strictly control the scope of extra-budgetary capital construction. The scope of credit, consumption funds, and institutional purchases grew too rapidly. These problems must be solved rapidly with great determination by improving the economic environment and rectifying economic order. However, we do not mean to abandon the speed of economic development while controlling the overheated economy, because, in the final analysis, the drive to improve the economic environment and rectify economic order depends on the development of productive forces and improvements in economic results. Without a proper development speed, it is impossible to solve the contradictions in which the general demand outstrips the general supply to control price hikes, and to enable the financial departments and the market to withstand the strains on them. Therefore, we must combine the work of improving the economic environment and rectifying economic order with developing production and increasing effective supply. In addition to controlling the overheated economy, we should also keep a definite speed of development on the premise of raising economic results in an effort to seek steady and coordinated development in the course of improvement and rectification. Since the beginning of this year, our province's speed of economic development generally has been steady and normal. Since entering the fourth quarter, we have been beset with a fairly large number of problems in industrial and communications production. Since the state adopted measures to curtail the scope of investment and cut back on the money supply, our province's contradictions in the supply of energy, raw materials, and funds have become more acute. If we fail to be mentally prepared and to adopt effective measures, a drop in production or even bigger fluctuations may emerge, the market supply will become more difficult, and the consequences will be very serious. In view of this situation, while comprehensively implementing the improvement and rectification measures, we must exert strenuous efforts to grasp industrial and

communications production and various fields of work this winter and next spring and to create better conditions for reform and construction.

First of all, we must make an effort to deepen enterprise reform. Improving the economic environment and rectifying economic order is aimed at comprehensively deepening reform. It does not imply a retrogression in reform. Therefore, in the course of improvement and rectification, the orientation of enterprise reform and the enterprise contract and leasing policies must remain unchanged. After the final accounts, all signed contracts must be fulfilled provided that the cost is rational, the profits are proper, and all targets have been fulfilled. We should continue to uphold and improve the enterprise contract, leasing, and operational responsibility system; protect the rational rights and interests of enterprise managers and producers; and enable the enterprise contract and leasing systems to develop soundly.

In addition, in light of the new situation of improving the economic environment, rectifying economic order, and curtailing the scope of investment, our enterprises should resolutely readjust the production set-up, production mix, and enterprise structure in a planned manner and should actively develop and increase the production of light and textile products, products necessary for the people's daily life, and scarce products. The responsible government departments should provide support in the supply of raw materials, energy, and funds and in transportation.

A shortage of funds has become a glaring problem affecting the current enterprise production. This calls for all enterprises to exert efforts to inventory warehouses; to tap the potential of enterprises; to reduce consumption and funds and cut back the irrational appropriation of funds; to accelerate the circulation of funds; and to increase returns in the utilization of funds. Banks at all levels should actively promote the flow and rational use of funds, increase savings deposits, expand the sources of credit funds, and speed up their efforts to clean up loans left in arrears within and outside the province in order to have more funds. In curtailing the scope of credit, we must prevent "uniformity," adopt both control and flexible policies, and have both guarantees and curtailment in an effort to guarantee normal economic performance.

Because of the reduction in water and energy production and insufficient fuel for thermal power generation, our province's contradictions in power shortage currently have become more acute. Because of the insufficient power supply, quite a number of enterprises are in a state of completely or partially suspended production. In order to ease the power shortage situation, we must first of all tap the potential of power plants all various levels, try by all possible means to have all power generating units begin to produce more electricity, and fully organize all power resources that can be organized. Second, in power arrangements, we must have both guaranteed

power supply as well as cutbacks and must guarantee the use of power for people's livelihood and for the production of daily necessities and agricultural production. In addition, we must practice economy and increase coal production, do a good job in organizing transport, and ensure that no big problems will occur in coal supplies this winter.

Deeply conducting the campaign on increasing production, practicing economy, increasing income, and reducing expenditures and the campaign on increasing enterprises' economic results are the basic ways to overcome difficulties in our economic life and to improve the tense financial situation. Governments at all levels must closely combine the work of improving the economic environment and rectifying economic order with the campaign to increase production, practice economy, increase income, and reduce expenditures and the campaign to raise the economic results of enterprises to a new level with a focus on saving electricity, raw materials, and funds. In addition, we should be prepared for next year's production. On the premise of grasping production safety and improving product quality, we must make arrangements for various production work, including maintaining and repairing equipment and storing up raw materials. It is necessary to arrange for next year's production plan and the work of ordering goods and planning for production in a fact-seeking manner in order to prevent a decline in production. Governments at all levels and various departments should assess and analyze the current economic situation objectively and practically. We must not be blindly optimistic or be pessimistic or disappointed. We should mobilize and rely on the broad masses of cadres and the people; exert our utmost efforts; adopt feasible measures; strive to overcome difficulties and problems in economic work; guarantee the fulfillment of various tasks of 1988; and promote the progress of reform, opening up, and economic construction.

### Northwest Region

**Reports of Ningxia Producing More Grain**  
*OW1912143788 Beijing XINHUA in English*  
0825 GMT 19 Dec 88

[Text] Yinchuan, December 19 (XINHUA)—The Ningxia Hui Autonomous Region has produced 1.64 million tons of grain this year, a bumper harvest, according to an official from the Regional Agricultural Bureau.

The official attributed the good harvest to more agricultural inputs.

Reports from the local statistics bureau show that the expenditure on agricultural production this year has increased by 3.7 percent over last year. And the agricultural loans issued by local banks have also increased by 30 percent over the 1987 figure.



In addition, Ningxia has also ensured a sufficient supply of farm production materials. For instance, the supply of chemical fertilizer has increased by 12.7 percent over the same period of last year, and the region supplied farmers with 15 percent more quality seeds than last year. As a result, areas sown to fine grain varieties have been expanded greatly in the whole region.

Meanwhile, 1,600 experts have been sent to instruct farmers in scientific farming this year. They have also signed contracts with local farmers to grow grain. The total contracted areas of farmland reach 200,000 hectares, and the average grain output of each contracted hectare has increased by 20 percent.

Farmers in the region now show great enthusiasm for growing grain as the prices of grain continue to rise, the official said.

**Zhang Boxing Emphasizes Shaanxi Rural Reform**  
*HK1912150188 Xian Shaanxi Provincial Service  
in Mandarin 0030 GMT 16 Dec 88*

[Text] During a provincial conference on rural work yesterday, CPC Committee Secretary Zhang Boxing noted: Although rural work has many many aspects, we must focus our attention on reform as the very basic aspect.

Zhao Boxing revealed that this year Shaanxi Province's gross agricultural output value is expected to reach the level of 7.5 billion yuan, the total grain output is expected to reach 9.65 billion kg, the gross output value of township and town enterprises will exceed 10 billion yuan, and the peasants' per-capita net income will

amount to 400 yuan. In brief, the rural economy is developing smoothly, he said. However, we still must be clearly aware of various serious problems that rural areas are facing.

Zhang Boxing pointed out: In the short- and medium-run, rural reform in this province should be focused on the development of the market mechanism. To deepen the rural reform step by step, attention must be paid to the fostering of business entities in rural areas, the development of a land system, the reform of the internal operational mechanism of township and town enterprises, the in-depth development of the agricultural product procurement and marketing structure, the boosting of financial and banking services in rural areas, the improvement of macroeconomic regulation and control, the consolidation of the contracting system on a household basis, the development of combined service [lian he fu wu], the in-depth development of the reform of the rural scientific research system, and so on.

Zhang Boxing emphasized: The key to speeding up agricultural development lies in strengthening leadership over rural work. It is necessary to unrelentingly improve working methods, go down to the grass-roots level, and see that all policies and measures will be strictly implemented. The existing organizations in charge of rural work and their staff are too incompetent to meet the needs of the rural reform and development. The provincial party committee has decided to intensify rather than weaken the present rural work setup and staff at the provincial, prefectural, and county levels. The studies in the reform of the rural policy and the rural development strategy must be carried out conscientiously and measures must be taken to ensure that the work in this field is undertaken by some people. In brief, the general situation is good in rural areas, and those problems arising in the process of reform and development can be resolved while we are forging ahead.

**Philippines' Laurel Arrives in Taipei 19 Dec**  
*HK1912141188 Hong Kong AFP in English 1350 GMT  
19 Dec 88*

[Text] Taipei, Dec 19 (AFP)—Philippines Vice President Salvador Laurel denied reports that he was in Taiwan to discuss the possibility of Filipinos being allowed to work here when he arrived Monday for a two-day visit.

He told reporters at the airport that he was here "to see old friends."

Manila maintains diplomatic ties with Beijing and Philippines President Corazon Aquino has discouraged her officials from maintaining official contact with their Taipei counterparts, although the two countries maintain strong trade ties.

Mr. Laurel was met at the airport by Taiwan Vice Foreign Minister King Shu-chi and is scheduled to meet with President Li Teng-hui on Tuesday [20 December], official sources said.

A planned meeting with Cheng Shui-chih, chairman of the Council of Labour Affairs, had been cancelled, official sources said.

Mr. Laurel is the highest-ranking Philippine Government official to have visited Taiwan since Manila switched diplomatic ties from Taipei to Beijing in 1975.

His last official visit was in January 1987.

Mr. Laurel told reporters at the airport that he was not here to discuss the issue of allowing Filipino labour in Taiwan.

Deputy chairman of the Council for Labor Affairs, Hung Ching-lin, told reporters that Taiwan's policy on foreign labor would remain unchanged.

Under current rules, foreign workers are not allowed unless special permission is granted on a case-by-case basis, he said, adding that only government projects are eligible to apply for foreign labor.

Although official statistics are not available, observers estimated that some 10,000 Filipinos are working illegally in Taiwan. Several thousand more came from other Southeast Asian countries.

(Asked to comment on Mr. Laurel's Taipei visit, Philippine Press Secretary Teodoro Benigno said in Manila: "Our understanding with Beijing was that so long as we don't deal diplomatically or politically with Taipei it's alright. But we should try to keep these visits as private and low profile as possible.")

(He told AGENCE FRANCE-PRESSE that in so far as Mr. Laurel described his visit as private, "we would have to accept it at that. But if he undertakes political talks, that's another matter.")

(A senior government source said that as far as Manila was aware Mr. Laurel was in Taiwan on a private shopping trip.)

**Pope To Receive Invitation From Li Teng-hui**  
*HK2012043788 Hong Kong SOUTH CHINA  
MORNING POST in English 20 Dec 88 p 10*

[By Tim Metcalfe]

[Text] Pope John Paul II is to be invited to visit Taiwan.

He will receive a personal invitation from Taiwan's President Li Teng-hui, a devout Christian.

The Pope is visiting the region next year to attend the International Eucharistic Congress in Seoul, South Korea.

Hong Kong's Cardinal John Baptist Wu Cheng-chung returned last night from Taiwan and said: "President Li assured me the Pope will be welcome."

He said the Kuomintang Government was very anxious to have the Holy Father stop over for an airport Mass service.

President Li would personally join the prayers, he said.

Cardinal Wu described President Li as a devout Christian and said "he lives a Christian life and I admire him very much."

Cardinal Wu refused to speculate on whether the Pope would also visit Mainland China or Hong Kong during the same trip.

Cardinal Wu met President Li and other high-ranking Kuomintang officials during his 10-day visit to Taipei to attend the Chinese Catholic Bishops Conference.

Analysts believe Sino-Vatican relations were high on the agenda during the visit.

Cardinal Wu grew up on the mainland and worked as a priest in Taiwan before serving in Hong Kong where he is now head of the Catholic Diocese.

He has been invited to visit Mainland China next year by the state approved China Patriotic Catholic Church Association.

He was accompanied on the Taiwan visit by Father John Tong, director of the Holy Spirit Study Centre, a diocesan organisation which monitors China affairs.

During the visit he was also thought to have tried to console Taiwan Catholics who were upset by recent rapprochement between the Vatican and mainland.

The Vatican's recognition of Taiwan posed a stumbling block against improving relations with Beijing.

But the elevation of Cardinal Wu, a long-time supporter of improved ties with China, was welcomed by Beijing and seen as an attempt to thaw the rift.



**Commentary on Years Since U.S. Severed Relations**  
*OW1912003688 Taipei International Service*  
*in English 0200 GMT 17 Dec 88*

[Station commentary: "Ten Years After the Break"]

[Text] Has it really been 10 years since the day that U.S. President Jimmy Carter suddenly announced the end of diplomatic ties between the United States and the Republic of China [ROC] on Taiwan? This is commentary for the Voice of Free China, and I am Joanna Fu.

It is hard to imagine, partly because that fateful day is stuck so firmly in the minds of people here. It seems like only yesterday that the ROC on Taiwan was reeling against the ropes, nearly down for an eight count after her most faithful friend and ally abandoned her.

But what a comeback story the ROC has written since: If Jimmy Carter thought Taiwan would just up and disappear, he was in for a rude awakening.

The comeback began almost overnight, as then-President Chiang Ching-kuo rallied the people of Taiwan to be "calm with perseverance, firm with dignity." In the 2 weeks following Carter's announcement, Chiang turned tragedy into hope by encouraging the people to believe in their own ability to be self-reliant; and self-reliance became the key driving force as the ROC on Taiwan bounced back from a setback once again.

The break in relations between the ROC and the U.S. was expected to happen sooner or later. What was not expected, however, was the manner in which Carter announced it with no prior warning. He also did it behind the back of the U.S. Congress, which had just recessed for Christmas break.

Carter's biggest mistake was to underestimate the support that lay waiting for the ROC all through the U.S. The very next day members of Congress, businessmen, scholars, and people from all walks of life came out of the woodwork of ROC-USA friendship, which had been built upon more than 60 years of cooperation in war and peace. Carter was overwhelmed with the reaction to his devious China policy.

Over the next 3 months the U.S. Congress moved quickly to redress Carter's shabby treatment of this long-time friend and ally. In April 1979—just 4 months after the break—the Taiwan Relations Act came into being. A domestic law, it created a structure for unofficial relations between the ROC and USA. The relationship would continue in all but name formal diplomatic relations.

This turnaround in U.S. China policy marked the first time in her history that the U.S. abandoned an ally. While lesser nations may have looked to the Soviets for aid, the ROC on Taiwan hung tough on her ideals and refused to waver in her own commitment to being a friend and ally of the U.S. in particular and the family of democratic nations in general.

A decade has now passed, and, despite the lack of formal diplomatic relations, the ROC and USA are as close and cooperative as ever before. The past is forgiven but not forgotten. The break, as it were, turned out to be slightly more than a blip on the ROC's development path. Her economy has continued to rocket toward developed status, and in recent years she has undertaken reforms that have placed her on the threshold of true democracy.

Far from being down and out, 10 years after the break the ROC has now become the self-reliant, self-confident nation she set out to be on December 16, 1978.

**Li Addresses Sino-U.S. Technology Seminar**  
*OW2012062088 Taipei CNA in English 0243 GMT*  
*20 Dec 88*

[Text] Taipei, Dec. 20 (CNA)—President Li Teng-hui emphasized Monday [19 December] that national development is both complex and demanding and that he hoped scholars attending the 12th ROC [Republic of China]-U.S. Modern Engineering and Technology Seminar will help the Republic of China achieve its goals by dedicating their scientific expertise. President Li also hoped that the scholars in attendance would help spread the spirit of science so that national development would be based on solid foundations.

Li spoke at the Presidential Office Monday while receiving more than 80 local and foreign scholars who are in Taipei to attend the 9-day seminar.

In his address to the scholars, President Li first praised them for their scholastic achievements and their loyalty to the ROC, both of which have contributed significantly to the breath-taking progress of the ROC over the past 4 decades.

Now, however, the ROC faces many economic difficulties, with a new labor shortage and massive idle money sloshing around the local financial market being among the most severe, Li noted.

To tackle the thorny problems, the president recommended that more high technology be introduced into the ROC to help adjust the nation's industrial structure.

He therefore especially hoped that they could offer appropriate proposals during the discussions that will be forwarded to government agencies for reference. "This, I believe, will have a far-reaching influence on local scientific development and on the economy's structural adjustment."

A spokesman for the seminar organizing committee estimated that about 2,500 people would attend panel discussions, during which 120 papers will be read.

Discussions will include applications for microelectronic technology, automation, industrial chemicals, engineering materials and applied technology, energy, public works and construction, computer software, optoelectronics, environmental protection, and aeronautical electronics.

T.Y. Lin, a member of Academia Sinica, also spoke on "The Relationship Between Democracy and Scientific Technology Development" at the opening ceremony.

**Technology Exports to Communist Areas Prevented**  
*OW1912044988 Taipei CHINA POST in English*  
13 Dec 88 p 6

[Text] Taiwan will refrain from exporting high-tech products and advanced technology to communist countries as requested by Washington while intensifying technology cooperation ventures with the United States, the Economics Ministry said.

A ministry official said although the government is still considering whether to sign a bilateral high-tech cooperation agreement with the United States, it will urge local manufacturers not to export high-tech goods to communist countries as requested by Washington.

Meanwhile, many high-tech corporations in the United States have expressed interest in establishing joint ventures with their Taiwan counterparts in the hope that local partners can help them promote sales in the domestic and Southeast Asian markets, the ministry said.

According to the ministry, it has commissioned the Institute for Information Industry and National Taiwan Institute of Technology to seek joint-venture partners from abroad to upgrade Taiwan's private high-tech industry.

**Trade Mission Returns From Visit to Vietnam**  
*OW1912061788 Taipei CHINA POST in English*  
12 Dec 88 p 6

[Text] A private trade mission which recently returned from Vietnam said local manufacturers should launch joint ventures in consumer goods production with Vietnamese businesses as a first step to penetrating their markets.

The delegation, comprising 30 representatives trading, agricultural, mechanical equipment and other industries, said Hanoi has drawn up foreign investment regulations to draw foreign capital and technology to Vietnam.

Manufacturers can especially capitalize on the communist country's abundance of cheap labor and raw materials, according to one delegate.

Moreover, Vietnam grants two-to-four-year tax exemptions to foreign investors involved in public construction projects, airport construction, hotel operation and manufacturing industries.

Vietnam has a foreign debt totaling U.S.\$9 billion and foreign exchange reserves of U.S.\$20 million.

The delegation cautioned businesses against engaging in barter trade with Vietnam because of the country's low productivity and insufficient transportation facilities.

Instead, local manufacturers should launch joint ventures in consumer good production, the delegation said.

In case of business disputes, foreign investors have legal recourse to vietnamese economic authorities or international arbitration.

**Premier Urges Aid to Armenian Earthquake Victims**  
*OW1612135688 Taipei CNA in English 0245 GMT*  
16 Dec 88

[Text] Taipei, Dec. 15 (CNA) [dateline as received]—Premier Yu Kuo-hua Thursday instructed the Foreign Ministry to immediately study an appropriate way to bring aid to help relieve victims of the strong earthquake in the Armenian region of the Soviet Union.

Premier Yu said at a cabinet meeting that on humanitarian consideration the nation should act to help relieve the Armenian quake victims.

Meanwhile, the New Aspect Art Center, a local performing art promoter, donated a check of U.S.\$1,000 as a first step in response to an appeal by the British music circles for a relief fund for the quake victims.

**Commentary Surveys Points of Mainland Policy**  
*OW1912015888 Taipei Domestic Service*  
in Mandarin 2300 GMT 12 Dec 88

[Station commentary: "What Kind of Mainland Policy Should We Have?"]

[Text] Every Chinese is concerned about our current mainland policy, especially about the trend of the policy. Old people are longing for their relatives and native towns. Industrialists and businessmen express interest in the mainland market and business opportunities. Young people are thinking about their future prospects on the mainland. Many people want to go sightseeing on the mainland. Many others abroad are pursuing the objective of the reunification of China. Chinese people on the mainland are focusing their attention on their own future and the poor situation there. In other words, the mainland issue concerns everyone. We should attach prime importance to the mainland issue and pay attention to thoroughly researching the mainland policy question. Because of different stands and needs, people may have different views on the mainland issue. However, there are several important points that no one should overlook:

First, no Chinese should have any doubt that China must be reunited. However, we should also clearly understand that future China will never tolerate the occupation of its land by a communist regime. At present, the whole world has realized that the communist system does not conform to mankind's demands and must be discontinued in the history of the mankind. For this reason, a Chinese must first negate the communist system of slavery when he thinks of the mainland issue and policy. He must



assume this resolute attitude towards the Chinese communist regime, and he must have anticommunist sentiments in his dealings with anyone on the mainland. China must be reunited under a system of democracy and freedom, and this can not be compromised.

Second, everyone should clearly know that 99 percent of the people on China's mainland repudiate Marxism, Leninism, and the communist system. They fear the Chinese communists' treacherous acts and constant changes of policies, and they know the communists more clearly than the Chinese residing abroad and outside the mainland do. This fact is a sure guarantee that China will inevitably be reunited under a system of democracy and freedom. It is also the largest force promoting the democratic reunification of China. The Chinese outside the mainland should take action to support those inside. The most effective support for them is our determination and actions opposing communism. We should particularly keep in mind that all support for the mainland must be support for the anticommunist cause and for opposing the communist system of slavery, not for the Chinese communist regime.

Third, all evil practices and the absurd people-to-people relations on the mainland today are a reflection of the bad communist system, not true characteristics of the Chinese people. Still less are they innate in the nature of the Chinese nation. When we have contacts with our compatriots on the mainland, we should believe that everything will become normal after the overthrow of the abnormal system of the Chinese communist regime. It will be very easy for us to rebuild our beautiful mainland under democracy and the rule of law.

The above three points represent our mainland policy, which everyone should follow.

**Yu Kuo-hua on Relations With Mainland China**  
*OW2012053388 Taipei International Service*  
*in English 0200 GMT 16 Dec 88*

[Text] Premier Yu Kuo-hua Thursday [15 December] stated that the Judicial Ministry, along with other concerned agencies, will finish the law regarding the special relations between the two sides of the Taiwan Strait and forward it to the Legislative Yuan. The law will provide a standard on how to deal with situations such as marriages between the two sides, property and wealth, inheritances and other similar topics. Yu stated that, since the government liberalized policies toward Mainland China, contacts between the two sides have increased dramatically. Many legal problems have risen due to these contacts, therefore, there is currently a need to develop a special law to deal with these special situations. Yu said that the law may take time to finish. So, in the beginning, laws concerning the just-mentioned topics will first be drafted and implemented. Yu said that the law is definitely necessary so that equal treatment can be given to everyone. Meanwhile, Yu also said that, in relation to the recent earthquake which struck

Armenia, the ROC [Republic of China] currently has financial and economic resources to provide aid to the area from a humanitarian stand point. Yu said, though, that the amount of aid that should be given and how it should be transferred are all complex problems which have arisen due to political considerations. Yu asked the Ministry of Foreign Affairs to quickly study the situation and forward its findings to the cabinet.

**Taiwan-Mainland Trade Increases 74 Percent**  
*OW1912063188 Taipei CHINA POST in English*  
*12 Dec 88 p 6*

[Text] Indirect trade between Taiwan and Mainland China via Hong Kong for the first nine months of this year totaled U.S.\$1.84 billion, up 73.66 percent from the same period last year, according to statistics by the Board of Foreign Trade (BOFT).

Total exports to the mainland were valued at U.S.\$1.49 billion, rising 76.36 percent over the same period last year, while imports increased 62.74 percent.

The majority of exports consisted of industrial raw materials and components, with synthetic yarn and cloth accounting for 36.47 percent of exports; 16.5 percent; electrical and electronic components, 13.35 percent; and plastics, 9.84 percent.

Man-made yarn and cloth formerly occupied about 40 percent of total exports, but plastics, electronic and machinery exports have gradually eclipsed the lower-ended textiles.

Herbal medicines still led in local imports from the mainland at 24 percent, while the rest mainly consisted of agricultural and industrial raw materials.

But BOFT statistics showed that herbal medicine imports are declining, while raw materials are increasing.

**Cross-Patent Registration Through Third Party**  
*OW1912060088 Taipei CHINA POST in English*  
*13 Dec 88 p 6*

[Text] Business firms and manufacturers from both sides of the Taiwan Strait can register patents with each other's patent officials through a third party, the national Bureau of Standards said yesterday.

The bureau said patents, as a personal property right, should be protected whether the applicants come from Taiwan or the mainland.

However, a bureau official said mainland applicants must register their patents through a third party, probably Hong Kong, and that the bureau would not accept applications bearing the names of areas in Mainland China.

Meanwhile, the Ministry of Justice is studying how to grant legal protection for trademarks of both sides of the strait as indirect trade between Taiwan and the mainland picks up.

The bureau official said there have been cases in Taiwan and on the mainland of counter-feiting products from the other side.

According to statistics by mainland authorities, 105 local businessmen have registered their trademarks with the mainland in the first 10 months of this year, while Taiwan only received one such application from the mainland.

In upkeeping with fair trade practice, the bureau said, it will also accept patent registration applications from other communist countries.

**Leading Kuomintang, Opposition Legislators Retire**  
*HK1612104988 Hong Kong AFP in English 1020 GMT 16 Dec 88*

[Text] Taipei, Dec 16 (AFP)—Parliament President Nieh Wen-ya formally resigned as president Friday and a leading opposition legislator announced his conditional retirement in a push for parliamentary rejuvenation.

The resignation of Mr. Nieh, 83, who has led the law-making body since 1972, was announced by parliament Secretary General Kuo Chun-tsu at the end of a two-month leave of absence by Mr. Nieh.

Authorities of the ruling Kuomintang (KMT), including the party chairman, Taiwan President Lee Teng-hui, have failed to persuade Mr. Nieh to hold onto the gavel through the current session during expected heated debates between the ruling party and the opposition Democratic Progressive Party (DPP) on several controversial bills.

Mr. Nieh has said he was "forced" to step down by ruthless KMT legislators who accused him of being unable to handle the chaotic and sometimes violent legislative process when clashes between KMT and DPP members arose.

Sources said his resignation would be accepted but that a new president and vice president would not be elected for two months to avoid confusion in the parliament.

However, Mr. Nieh's original plan to step down as a legislator as well was not included in the resignation, prompting protests from DPP legislators who said the move handicapped the parliamentary rejuvenation they are demanding.

One bill pending for the current session is a KMT-proposed retirement scheme for aging members of parliament and the two other congressional bodies, the National Assembly which elects the president and amends the constitution, and the Control Yuan, the country's highest watchdog body.

The scheme would apply to the 83 per cent of the 1,246 congress members who were elected in China in 1947 and 1948 and later given a lifelong mandate.

After negotiating with party authorities, senior DPP legislator Fei Hsi-ping also announced his retirement at a press conference to help the opposition's cause for political reforms.

The mainland-elected Mr. Fei, 75, agreed to retire after the DPP acknowledged the contributions of senior congress members in Taiwan's ongoing democratization and promised to reserve seats for the second generation of mainlanders in bargaining with the KMT on future elections.

The KMT proposed to gradually phase out aging members through voluntary retirement, offering each a pension of some 3.5 million new Taiwan dollars (124,555 U.S. dollars).

But the DPP demands new overall elections with no one representing the mainland, over which the Nationalist government claims sovereignty.

The opposition party had also objected to the pension offer.

But DPP authorities finally accepted Mr. Fei's suggestion that "proper pensions" be offered to retired members "to smooth the process of parliamentary re-elections."

Mr. Fei said he would donate his pension to social welfare. The congress includes 301 members of parliament, 882 National Assembly members, and 63 members in the Control Yuan.

#### **Resignation Causes 'Scuffle'**

*OW2012045788 Taipei International Service in English 0200 GMT 17 Dec 88*

[Text] President of the Legislative Yuan Ni Wen-ya on Friday officially tendered his resignation. The reading of the resignation caused another shouting match and scuffle from the legislature's floor. After the letter of resignation was read by Secretary of the Yuan Kuo Chun-tsu, Legislator Huang Huang-hsiung arose to bring up the procedure problem. At the same time, another legislator, Huang Cheng-i, rose to protest the first Huang's action and the shouting match broke out. Legislators throughout the morning debated on whether or not Ni's resignation should be accepted. By the end, no decision was reached, and it was decided to bring the issue up again at the next Tuesday's [20 December] legislative session.



## Hong Kong

### Dutch Woman Hurt in Tibet Arrives for Treatment

At Guangzhou Airport 17 Dec  
HK1712030988 Hong Kong HONGKONG STANDARD  
in English 17 Dec 88 pp 1, 6

["Exclusive" by Tammy Tam, "Who Traveled From Guangzhou With Christina Meindersma"]

[Text] The young Dutch woman wounded in the latest riots in Lhasa has vowed to return to Tibet. "Travel agencies in Holland have already asked me to work for them next summer. I shall return," Miss Christina Meindersma told me yesterday.

Looking relaxed and smiling broadly at Guangzhou's Baiyun Airport moments after stepping off a plane from Chengdu, Miss Meindersma, 26, also said: "The Public Security people were very polite when they gave me back my passport. They smiled and told me I was welcome to return to Tibet.

"So I told them yes, I very much want to come back. But I think they were very glad to see me go."

But Miss Meindersma looked worn out by the experience. She had been shot in the upper left chest and her left arm was still in a sling.

A Canadian traveller who refused to be identified, another Dutch woman and a British freelance journalist Danny Gittings travelled down with her.

The Canadian acted very much as her personal bodyguard and adviser. The other Dutch woman acted as nurse during the trip.

After they collected their luggage, we left by mini-bus for the Overseas Chinese Hotel some 15 km away to buy train tickets for the 6.40 pm train to Hong Kong.

In the lobby of the hotel, Miss Meindersma and her friends rang other friends in Hong Kong and Lhasa, and the Dutch Embassy in Beijing to say all was well.

Then, like anyone who's just come out of an ordeal, Miss Meindersma asked for a beer. After one big gulp, she said: "I think the Chinese were just happy that I've left Lhasa. The Lhasa airport had been given some instructions to let me through the customs quickly. It was very fast."

Miss Meindersma, in traditional Tibetan costume and clutching a thick roll of Potala posters, vehemently denied involvement in the riots which took place soon after a number of monks marched through the Barkhor Market to commemorate the 40th anniversary of Human Rights Day.

The Beijing government has accused her of "violating regulations," and "mingling with the rioters." By refusing to leave the area as instructed, she had violated a regulation banning foreigners from taking pictures of "trouble-making activities manipulated by a few separatists," the authorities claimed.

They also accused her of breaching customs regulations by taking into the country the Dalai Lama's book MY LAND AND MY PEOPLE.

But, as we waited in the lobby, Miss Meindersma explained: "It is written in simple Tibetan. I am studying the language, and brought it along as a textbook.

"It was in my bag when I passed through Customs. They opened my bag but didn't bother about it. No one told me the book was banned.

"Unlike last October, tourists were not told to stay in their hotels or not to go to the Barkhor. I knew the Chinese authorities were expecting something but they didn't advise anyone to stay away.

"It was natural for tourists to go to the Barkhor. There were many tourists there that day. / t about noon two lines of monks and nuns appeared from different directions.

"They carried large placards. There was no shouting or anything. They just marched quietly along, looking a little frightened.

"As the two rows were coming together the police appeared. Then, without any warning they started to shoot. I just can't understand why they did this.

"Then I fell. The next thing I knew I was being taken to hospital where they performed some minor surgery on me. But after I left the hospital a Swiss doctor gave me a more thorough check and gave me some medicines."

Miss Meindersma explained that contrary to Chinese claims, she had been in Tibet working as translator for this Swiss medical team which was helping to train doctors.

"I was asked by Tibetan officials to help this team from April to August. I had gone to India earlier and got fascinated by Tibetan Buddhism. I then decided to go to Tibet to learn the language. That was in 1986.

"This was my third trip to Tibet this year. I went on October 15 to help an American professor who was doing research on Tibetan medicine.

"All this time the security officers never once contacted me. Only after I was shot did I come into contact with them. Then they took away my passport. They checked the passports of all the foreigners in the Holiday Inn.

**Arrives by Train From Guangzhou**  
HK1712031188 Hong Kong SOUTH CHINA  
MORNING POST in English 17 Dec 88

[By Terry Cheng]

[Excerpts] The Dutch tourist shot by Chinese police when they opened fire on Tibetan protesters in Lhasa last weekend has arrived in Hong Kong for medical treatment.

Miss Christina Meindersma, 26, who has been accused by the Chinese Government of behaving "in a manner incompatible with her status as a tourist and violated the laws" of China, refused to talk to reporters when travelling by train from Guangzhou last night.

However, she is to hold a press conference today at the Foreign Correspondents' Club to give her account of events in Lhasa over the past few days.

Miss Meindersma, who was hit in the shoulder, was originally scheduled to fly out of Lhasa on Thursday [15 December], but the flight was cancelled. She finally travelled to Guangzhou then on to Hong Kong with several other foreigners recently in Tibet.

She was greeted by friends at Hunghom railway station.

Miss Meindersma appeared in a good shape and had no visible difficulties in movement, although she was described by her friend as suffering from serious injuries.

Her friend, Mr Peter Kedge, of the Asia Pacific Forum for Tibet, said: "The bullet went through her shoulder and out the back...the wound measures 20 centimetres."

A former military doctor has been engaged to treat her, Mr Kedge said.

It was understood that the Dutch Consulate in Hong Kong was informed of her arrival last night.

A Chinese Foreign Ministry spokesman on Wednesday [14 December] accused Miss Meindersma of violating a prohibition on mingling with demonstrations and of ignoring orders by police to leave the site of the rioting. [passage omitted]

China's official press suggested earlier this week that Miss Meindersma, a Tibetan language student, played a role in the December 10 violence, but Dutch diplomats in Beijing who contacted her earlier in Lhasa said she denied any involvement.

Miss Meindersma's associates in Hong Kong said she had travelled to Tibet on previous occasions as a tour guide and this time she went there to study the Tibetan language.

**Holds News Conference**  
HK1812061088 Hong Kong SUNDAY STANDARD  
in English 18 Dec 88 p 5

[By Tammy Tam]

[Text] The Dutch woman shot by police in Tibet urged equal concern yesterday for demonstrators killed and injured in the latest riots.

"I want to testify for the demonstrators," Christina Meindersma told a press conference organised by supporters of the exiled Tibetan leader the Dalai Lama.

"I think the Chinese Government did not feel as ashamed about shooting them as about shooting me.

"My case has been made a big case because I'm a foreigner."

Miss Meindersma, shot in the upper body during police action against demonstrating monks, arrived in Hong Kong in Friday [16 December] night accompanied by Dr Ron Schwartz, a Canadian professor of sociology, and Mr Danny Gittings, a British free-lance journalist.

Miss Meindersma said Tibetans were "desperately hoping" that proposed talks between Beijing authorities and the Dalai Lama could be held.

The Dalai Lama has offered to send representatives to Geneva for the talks, but Beijing has yet to reply. The Chinese are understood to have reservations about the composition of the Dalai Lama's negotiating team, which has a Dutch legal adviser.

"They do hope that the talks can be held. I know they are hoping desperately for it," she said.

The 27-year-old, who was whisked away from waiting reporters on Friday [16 December] night by representatives of the Asia Pacific Forum—a propaganda organisation for the Dalai Lama in Hong Kong—rejected accusations by Beijing that she had any connection with the religious leader's government in exile.

She also denied taking part in the demonstrations.

But she said she had made friends with some Tibetans. "It is natural to have Tibetan friends as I stayed there and speak their language."

She said the situation in Tibet was very tense in the days after the demonstration and shootings but calm had returned by the time she left on Friday.

Miss Meindersma went to hospital for a check up and medical treatment this morning.



She will leave Hong Kong for home in about a week. "I came to Hong Kong for prompt medical treatment, otherwise there would be permanent damage to the movement of my arm."

**More on News Conference**

HK1712074488 Hong Kong AFP in English 0652 GMT  
17 Dec 88

[By Gina Doggett]

[Excerpts] Hong Kong, Dec 17 (AFP)—Chinese security forces opened fire "without provocation" at Tibetan demonstrators and onlookers a week ago, killing about seven people, a Dutch woman shot in the incident said here Saturday.

"We saw them being shot down without any provocation," Christina Meindersma, 26, told a press conference at the Foreign Correspondents' Club.

She said she came to Hong Kong for treatment for the wound to her arm and shoulder and to recount what she saw.

"I want to testify on behalf of all the Tibetan people who have been killed and who have been shot just like me," she said. "They have no chance to get out and talk. I have a chance to get out and speak."

Ms Meindersma said she, two companions and "many other foreigners" were shopping and "walking around" in a side street off Lhasa's main square facing the Jokhong Temple when about 25-30 demonstrators entered the square.

"I think most of them were monks and nuns," she said, adding that another group of 15-20 demonstrators was on another street leading into the square.

She said she was not demonstrating, and was 30 metres (yards) from the protesters and 10 metres from Chinese troops when she was shot.

Ms Meindersma said she did not know exactly how many people had been killed, saying, "Tibetan people estimate the number at about seven people but not all the bodies have been identified or have been seen."

China officially says one Buddhist monk was killed when police fired "warning shots." But Ms Meindersma said: "No warning shots were fired into the air. It happened within a few seconds."

"They were shooting at all the people indiscriminately in the street."

She said it was her third visit to Tibet this year, having worked from March through June as a translator and in September as a tour guide. She arrived as a tourist in October and was working as a translator again until late November.

Asked about reports there had been rumours in advance of the protest and warnings by the authorities against demonstrating, Ms Meindersma said she learned from Tibetan friends two days before the incident that last Saturday [10 December] was the International Day of Human Rights.

She said Tibetans had been told at neighborhood committee meetings that if they went to the square that day they would risk a fine, and that if they demonstrated they would be shot.

She said she was not warned in the days preceding the incident and that on the day itself, no one had told her to get away from the area.

On Thursday [15 December], a Chinese Foreign Ministry spokesman said Ms Meindersma had been mingling with Tibetan nationalists during the demonstration and had done "something incompatible with her status as a tourist."

He alleged that Ms Meindersma violated regulations and "mingled with the rioters" after she was told to leave the area. [passage omitted]

Ms Meindersma had her passport confiscated—as did other foreigners—after she was hospitalized for her bullet wound. By Wednesday [14 December], she was told she was free to leave Lhasa, and she arrived in Hong Kong by train Friday [16 December] evening.

She said the government made no apology or offer of compensation, and that she demanded the return of her possessions, compensation and an official explanation and apology to be directed to the Dutch Embassy in Beijing.

China accused foreigners of taking part in a bloody October 1, 1987 Tibetan nationalist riot in Lhasa, prompting restrictions on tourism into Tibet and a virtual ban on visits by foreign reporters.

Last year's clash was followed by another riot in March between Chinese police and Tibetan supporters of the Dalai Lama, who fled into exile in India in 1959 after an unsuccessful uprising against Chinese rule.

## SRV Refugees Discussd With UK Government

### Quota Increase Deemed 'Essential'

HK1912074188 Hong Kong SOUTH CHINA  
MORNING POST in English 19 Dec 88 p 3

[By Simon Macklin]

[Text] It was essential that the British Government increased the number of Vietnamese refugees accepted from Hong Kong for resettlement, chief secretary, Sir David Ford said yesterday.

Speaking at Kai Tak airport on his return from visits to the UK and the United States, Sir David said he had pressed British officials to raise its quota of resettlement places offered to Vietnamese refugees in Hong Kong.

"Clearly an increased quota from the United Kingdom is essential if we are going to get the resettlement program going," he said.

Foreign governments have said they would be prepared to increase the number of resettlement places offered to Vietnamese refugees in Hong Kong if the British Government would set an example by raising its own quota.

Sir David said it was too early to say how the British Government would respond but it appeared to be reviewing the existing quota.

"They of course have their own problems in terms of immigration into the United Kingdom but they were certainly sympathetic," he said.

The visit to London had been useful and Sir David had taken the opportunity to hold discussions with ministers at the British Foreign Office including Secretary of State Sir Geoffrey Howe, and the British minister with special responsibility for Hong Kong, Lord Glenarthur, and other officials who were concerned with Hong Kong.

"I must say I think people have a very good understanding in the United Kingdom of our major problems at the moment, including the boat people problem," he said.

"Ministers certainly understood the concern which has been expressed very clearly in Hong Kong."

In May last year, Britain halved the number of Vietnamese refugees accepted from Hong Kong for resettlement.

The United States, Australia and Canada currently offer more resettlement places than the UK, which has pledged to take only 468 in the two-year period ending in May this year. All of the refugees accepted by the British have been those who have close family members already settled in the UK and are therefore qualified to emigrate to Britain under their immigration ordinance.

Following heavy lobbying from Hong Kong Government officials and members of the Legislative Council, the British Government is expected to announce within the next few months that it plans to increase its intake.

In a recent letter to the Hong Kong Civic Association, Lord Glenarthur, said the issue was currently under consideration.

"We are giving all aspects of the boat people problem the most serious study," he said in the letter.

No decision had yet been made on the size of the new quota but the British Government had taken note of the strength of feeling on the issue in Hong Kong.

### UK Agrees To Double Refugee Intake

HK1712094588 Hong Kong HONGKONG STANDARD  
in English 17 Dec 88 p 1

[By Antony Cheesewright in London]

[Text] Britain is to more than double next year its intake of Vietnamese refugees from Hong Kong.

The HONGKONG STANDARD has learned that the United Kingdom Government will raise its current 20-a-month quota to a total of 500 in 1989. An announcement on the decision is expected shortly.

Foreign Secretary Sir Geoffrey Howe and Home Secretary Douglas Hurd hope it will encourage other countries to open their doors to more boat people.

Both the Hong Kong Government and Omelco [Office of Members of the Executive and Legislative Councils] members have been pressing the UK Government for a greater intake.

The governor, Sir David Wilson, said in a television interview in Hong Kong last night that he would continue to ask British ministers to give a lead to other settlement countries in solving the boat people problem.

"...Because if the UK is not giving a lead, does not have a substantial programme, then it is that much harder to persuade the other countries like the United States, Canada, and Australia, that they, too, should increase their offtake," Sir David said.

"So it is something which I have been saying to British ministers already, and I will continue to say to British ministers."

The increase in the quota was raised yesterday by an all-party delegation of MPs who called on the Foreign Office to discuss what more can be done to help.

They urged Foreign Office Minister Lord Glenarthur, who is visiting Hong Kong next month, to find ways of easing the refugees' ordeal more quickly.

First thing that Britain was prepared to take in more Vietnamese from Hong Kong came in a letter from Home Office Minister Timothy Renton to Dr John Marek, vice-chairman of the House of Commons Hong Kong Parliamentary Group.

Dr Marek said: "Unless Britain agrees to take more refugees, possibly several thousand, it will be difficult to approach countries like Australia, Canada and the United States to increase their quotas."

The Foreign Office points out that Britain has taken some 20,000 refugees since 1979—13,000 of whom were from Hong Kong.

The original proposal was that Britain should absorb an extra 1,000 Vietnamese in addition to the current programme of 468 named refugees at 20 per month which is about half-way through.

But this figure was slashed because of fears that such a large number arriving within 12 months would have problems adjusting to life in the UK.

The new allocation will not affect the 9,500 "illegals" who reached Hong Kong after the deadline of June 16, and now face the prospect of being sent back to Vietnam.

Some of the boat people say they fear death in Vietnam. Others are terrified at the prospect of punishment, while some are worried about more subtle forms of discrimination from local party officials.

But Vietnamese Foreign Minister Nguyen Co Thach assured them categorically yesterday that they would not be harmed. "If they come back they will not be punished," he said.

"We must respect our agreement with the Hong Kong authorities. There will be no re-education programme or anything like that. It is not our policy to victimise any of the people who are willing to come back."

#### **Legislators View Proposed Vigilante Groups**

HK1912084388 Hong Kong SOUTH CHINA  
MORNING POST in English 19 Dec 88 p 1

[By Fanny Wong]

[Text] Legislative councillors and Tuen Mun District board members yesterday defended the rights of local residents to form vigilante groups to defend themselves against alleged rowdiness of Vietnamese refugees in Hong Kong.

But the New Territories Regional Commander of Police, Assistant Commissioner Mr Richard Smallshaw, said vigilante groups would not be tolerated and anyone attempting to take the law into his own hands could face prosecution.

"The police are responsible for law and order and there is no question of vigilante groups being formed," he said.

"We will take to local residents and I am quite sure they will understand why they cannot take any action themselves.

"If members of the public have a complaint, they should make it to the police," he said.

But he said he was confident the local residents would react responsibly.

The police had been monitoring the situation in Tuen Mun closely since the liberalisation of the closed camps when refugees were allowed out into the local community.

Mr Smallshaw said the Vietnamese people had not presented a major crime problem and he had received no reports of Vietnamese refugees causing a nuisance while they were outside of the camps.

The Vietnamese refugees were "very law abiding," he said.

But he said the reaction of the local resident was understandable.

"They are feeling the same as any group when strangers come into their group," he said.

A meeting of 500 Tuen Mun residents on Saturday [17 December] night decided to form "defence squads" to guard against disturbances by Vietnamese refugees.

Residents have claimed refugees have been involved in a number of robberies and sexual assaults and have also gathered in rowdy and drunken groups intimidating the people of Tuen Mun.

But no one has provided any evidence and police say most of the refugees appear to be nervous of local people.

There are more than 7,370 Vietnamese refugees in three Tuen Mun district refugee centres.

Since September groups of refugees have been allowed out of the camps during the daytime to become familiar with the district.

Legislative Councillor and member of the Office of the Members of the Executive and Legislative Council [Legco] security panel, Mr Martin Lee Chu-ming, said the move by the residents would do little to help understanding between the local and Vietnamese communities.

"This move will certainly generate racial discrimination and does not help mutual understanding," Mr Lee said.



But fellow Councillor Miss Leung Wai-tung said it was perfectly acceptable for the residents to form a self defence squad if they considered they were not properly protected from the refugees.

In light of the fear felt by the residents the government should consider restricting the refugees to their camps and slowing down the liberalisation policy, she said.

The government had to ensure the interests of local people were not sacrificed for the interests of the refugees, she said.

Another Legco member, Mr Pang Chun-hoi, said it appeared Tuen Mun residents did not trust the ability of the police to protect them.

Tuen Mun District Board member Miss Rowena Wan Shui-ling said she supported the move to establish local vigilante squads.

But she said it was up to the government to improve security and provide a more "efficient" way of ensuring the safety of the people of Tuen Mun.

Miss Wan said residents had doubted police sincerity in dealing with the problem so they felt they should set up their own squad.

#### **Actions Protest Draft Basic Law Post-1997 Model**

##### **Hunger Strike Begins**

HK1812062288 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 18 Dec 88 p 2

[By Kent Chen]

[Text] A series of democratic campaigns will be held over Christmas and the New Year protesting against the controversial political model for the post-1997 Hong Kong Government.

Five people, including Tuen Mun and Yuen Long District Board members Mr Chung Kwai-ping, Mr Ng Ming-yam and Mrs Choi Cheung Yuetlan, began a 24-hour hunger strike at 1 pm yesterday at Tuen Mun City Plaza.

Their hunger strike is part of the campaign to try to bring the democratic lobby to the district level, according to Mr Ng, who is also a Regional Councillor and Meeting Point member.

"Our action is an indication of our persistence in fighting for a democratic and free society, an indication of our discontent with the ultra-conservative political model and to arouse the public's concern over the issue," Mr Ng said.

Under the "mainstream" model, which was endorsed by Basic Law drafters last month, Hong Kong citizens may not be allowed to elect their chief executive for at least 15 years after Britain hands the territory back to China in mid-1997.

Even then, the election of the territory's leader by universal suffrage may be held after a political review which includes a referendum.

Mr Ng said he was considering sending his colleagues to different parts of Tuen Mun over Christmas to promote the message of democracy and to explain objections to the "mainstream" model.

Protester Mrs Choi said they demanded a referendum in Hong Kong to gauge public reaction to the "mainstream" model.

Meanwhile, public signatures supporting the democratic campaign were collected in Causeway Bay and Tsim Sha Tsui yesterday.

A territory-wide signature campaign will take place on December 31 and January 1. The secretariat of Hong Kong's liberal coalition—the Joint Committee on the Promotion of Democratic Government—will meet on Thursday to decide on further action before the Basic Law drafter's next meeting on January 9.

A group of secondary school teachers is raising funds to finance a from page activitisation in a Chinese newspaper to express discontent over the "mainstream" model.

One of the organisers, Mr Wong Kai-yui, said they were dissatisfied with Chinese official Mr Lu Ping who reportedly said the 600 marchers who demonstrated outside the local branch of the NEW CHINA NEWS AGENCY on December 3 did not reflect the views of the silent majority.

"All of us did not participate in the march early this month, but we disagreed with the compromise model," Mr Wong said.

The advertisement will accuse the compromise model of being "extremely undemocratic."

"We are particularly disappointed by the Hong Kong Basic Law drafters who endorsed the model hastily without consulting the public," Mr Wong said.

"The electing of the chief executive by electoral college creates inequality and produces a privileged class."

The group, which is looking for support from teachers and students, demands that the chief executive be elected by universal suffrage in 1997 and that by that time, no less than half the legislature is elected directly.

**Youths Hold Religious Service for Democracy**  
*HK1812054388 Hong Kong SUNDAY STANDARD*  
*in English 18 Dec 88 p 2*

[By Kathy Chan]

[Text] Liberal-minded Catholic youths yesterday came up with an unusual way to sell the one-man-one-vote system.

Instead of taking the cause to the street, they resorted to an ironic prayer session—"Mourning the Death of Democracy" at a Kwun Tong church.

They published posters advertising that a prayer session was to be held for "Mr Democracy who died at the Basic Law Drafting Committee's political sub-group meeting in Guangzhou on November 23."

The meeting endorsed a mainstream political model for the post-1997 political structure which was dubbed "undemocratic and unacceptable" by liberals.

To revitalise democracy, participants, led by Basic Law drafter and Legislative Councillor Mr Martin Lee Chu-ming queued to tear up cards representing different conservative political models from a paper tree which they called the "Tree of Life."

But the 1 1/2 hour session apparently failed to attract much of a crowd as more than half of the 40 people who attended were newsmen.

Father [Fr] Stephen Chan Tat-ming, one of the speakers, criticised the failure of the Church to play a role in the democratic movement.

He said it was wrong for Church leaders not to give a direction to followers to take part in the fight for democracy.

"Let's not shirk our responsibility but face up to the reality that every one of us has failed to contribute what we should in the battle for democracy," Fr Chan said.

Fr Chan said democracy died for the same reasons as Jesus Christ who thousand years ago.

"Jesus was crucified because of the bias and jealousy of Jewish rabbis, the hand-washing attitude of selfish politicians and Roman officials who together exploited the ignorance of the apolitical masses," Fr Chan said.

"The death of democracy in Hong Kong is just the same.

"Democracy was dead in the hearts of the Christians who had failed to play an active part and fight for it.

"Democracy was suffocated by selfish politicians and community leaders who have no confidence in democracy. They destroyed democracy but sell their package under the disguise of progressive development."

Mr Lee said it was too pessimistic to assume democracy was dead.

"We will not let it die," said Mr Lee, who is also a Catholic.

He said the liberals would not give up their fight for democracy for post-1997 Hong Kong.

**More on Gathering**

*HK1812054488 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 18 Dec 88 p 2*

[By Bellette Lee]

[Text] Liberal legislator Mr Martin Lee Chu-ming yesterday changed his stance that at least half the members of the post-1997 legislature should be directly elected.

Speaking after a religious gathering, "Pray on the Death of Democracy," Mr Lee said that having one-third of the legislators elected by universal suffrage would not be too far away from his own principle.

Nine political groups, including the Progressive Hong Kong Society and the Group of 38 educationalists who are seen as moderates, had earlier proposed three major amendments to Mr Louis Cha's controversial "mainstream model," endorsed by the Basic Law drafters.

They demanded that at least one-third of the first legislature should be elected by one man, one vote.

The moderate groups also called for a referendum to be held during the term of the second chief executive, between 2002 and 2007, to decide if universal suffrage would be introduced in the next term.

Another amendment put forward dealt with the democratic formation and nomination procedures of the broadly-represented election committee for the first few chief executives.

The nine political groups will meet the conservative Group of 88 tomorrow and another meeting with the Group of 190 will be held on Tuesday [20 December] to compromise on a faster pace of democratisation for Hong Kong's post-1997 political development.

Mr Lee was optimistic that amendments would be made on the conservative post-1997 political model.

He pointed out that meetings between the Group of 88 and other political groups would bring about amendments to Mr Cha's proposal.

"The 'mainstream proposal' will surely be changed, although I can't tell how it will be amended," Mr Lee said said.

Mr Cha had earlier noted that he would put forward an amended proposal to the Basic Law Drafting Committee's (BLDC's) plenary meeting. The amendment is likely to advance the election of the chief executive by five years to 2007.

The Group of 88 will visit Beijing officials next week to hold discussions on the proposed amendments which some members have criticised as too drastic. It is part of the behind the scenes lobbying by the conservative camp.

A key member of the Group of 190, Mr Lee stands firm on universal suffrage for the election of the first chief executive after 1997.

"It's because the future chief executive is empowered with too high an authority that we have to fight for one man, one vote.

"Our proposals are not confrontational. We only want to help the Chinese authorities to achieve the principle of 'Hong Kong people ruling Hong Kong'," he said.

Yesterday's religious gathering was held to denounce the conservative post-1997 political structure.

**Respect for Public Opinion on Basic Law Urged**  
HK1812055888 Hong Kong SUNDAY STANDARD  
in English 18 Dec 88 p 2

[By Kathy Chan]

[Text] Hong Kong Basic Law drafters should resign if they failed to listen to and reflect Hong Kong people's wishes for changes, a Basic Law Consultative Committee (BLCC) member said yesterday.

Mr Peter Wong Hong-yun said he would challenge whether the Hong Kong members of the economic sub-group of the Basic Law Drafting Committee (BLDC) should continue to sit on the committee if the policy guidelines in the economic chapter were retained.

Mr Wong is also a Legislative Councillor and chairman of the Hong Kong Society of Accountants' Basic Law working group.

After the society's annual meeting on Friday [16 December], he said he was disappointed to find that policy guidelines were included in the draft.

This was decided by an enlarged meeting attended by the BLDC chairman, vice-chairmen, convenors of five BLDC sub-groups and secretary-generals in Guangzhou earlier this month.

Mr Wong said he doubted whether the drafters had looked into the recommendations and proposals by business and professional bodies on the issue.

"We have been working so hard in the past few months to tell the drafting authorities that policy guidelines must not be written in the main text of the Basic Law," Mr Wong said.

It is understood the post-1997 government's autonomy in domestic affairs will be undermined if bound by such guidelines.

Mr Wong said he was further surprised to learn that Mr Wong Po-yan, a co-convenor of the BLDC economic sub-group, had not seen a proposal he submitted to the drafting authorities through the BLCC.

He met Mr Wong after the BLDC meeting ended in Guangzhou earlier this month.

"About two months ago, Mr Henry Litton QC [Queen's Counsel], who is a former bar chairman and some other professionals including myself had submitted to the BLCC a report in the name of the International Fiscal Association," Mr Wong said.

"We suggested in the report that the policy guidelines be rewritten in a way that they could be retained in the main text but without legal binding power over the post-1997 government."

For instance, they suggested the provision on low tax policy be rewritten as: The Special Administrative Region (SAR) government has its intention to maintain the low tax policy.

Mr Wong said such phrasing had helped to state clearly how the SAR should deal with tax policy after 1997, without binding it with legal liability if it failed to do so.

"I don't understand why Mr Wong told me he did not know about our report. But he was very positive towards our opinions during the meeting," Mr Wong said.

He said a reply would most probably be made by Mr Wong next week to their demands to amend the economic chapter at the BLDC full meeting next month.

On the "mainstream" political model, Mr Wong said neither he nor the society had any strong objections. "It is because what it has suggested was quite close to our proposals," Mr Wong said.

The society had suggested a "trigger point" concept by which the chief executive would be elected by universal suffrage between 2006 and 2013 once the turnout rate of eligible voters for any territory-wide election exceeded 50 percent.



The mainstream model suggested the chief executive be elected by universal suffrage if agreed by a referendum to be held between 2007 and 2012.

#### Post-1997 Political Model Referendum Suggested

**Law Drafter Cha Urges Poll**  
HK1912083588 Hong Kong SOUTH CHINA  
MORNING POST in English 19 Dec 88 pp 1, 2

[By Chris Yeung]

[Text] Key Basic Law drafter Louis Cha has called for a territory-wide opinion poll to gauge the public's views on the post-1997 government system for Hong Kong.

He also indicated that he did not object to deciding the future political framework by a referendum if it was technically feasible.

Mr Cha said a comprehensive poll could be taken during the next round of consultation concerning the Basic Law draft but he was quick to add that difficult technical problems would first have to be resolved.

A more practical solution was to conduct an independent public opinion survey on the more contentious political issues on the drafting of the Basic Law, he said in an exclusive interview with the SOUTH CHINA MORNING POST.

However, leading officials of the Beijing-initiated Basic Law Consultative Committee (BLCC) including Secretary-General Leung Chun-ying have said the first draft containing more than 172 articles and different annexes, was too complicated for any meaningful large-scale opinion poll.

The deputy director of the Chinese State Council's Hong Kong and Macao Affairs office, Mr Lu Ping, said in Guangzhou early this month it was up to the BLCC to decide if an opinion poll should be conducted at the next round of consultation.

The next Basic Law consultation exercise will begin after the Chinese National People's Congress' Standing Committee has approved the second draft in March.

Mr Cha, the Hong Kong co-convenor of the Basic Law Drafting Committee's (BLDC) political sub-group, believes a large-scale public opinion survey is the best way out.

The chairman of the MING PAO publishing group suggested that some independent bodies, such as newspapers, should conduct a survey on some of the crucial issues concerning future political development, during the next round of consultation.

These include the pace of developing local democracy and party politics.

Mr Cha said: "I really hope somebody can do it. I'll surely accept the results. However, MING PAO will not take any part in it to avoid controversy."

A territory-wide survey commissioned by MING PAO and the SOUTH CHINA MORNING POST in August is so far the only comprehensive poll taken on views of the Basic Law.

Mr China has been criticised as having ignored public aspirations when he put forward a conservative political blueprint which will delay the introduction of universal suffrage for selecting the post-1997 chief executive at least until 2012.

The fiercest attack was launched by liberal pressure groups who have burned copies of the Basic Law draft and called for a referendum to allow residents a direct say in the final proposal before the mini-Constitution is enacted in 1990.

Mr Cha said: "It's difficult to have a referendum. It may not be technically feasible. I'm not insisting on holding a referendum. But if it's feasible, I will agree and abide to the findings. I do not ask for a referendum. What I want is a method that is fair to tell what the public wants.

"A referendum involves the registration of voters. Will it undermine China's sovereignty? Who will be the organisers? There are difficulties. It's a good thing if it works. At least it will avoid grumbling and dispute," he said.

"I really want to know what the public wants. My understanding now is that they want stability and fewer changes. The public wants to be conservative. They are contented with the status quo.

"And if changes are inevitable, they should be made in a gradual way. That is the basic assumption behind my original proposal. I can't say it is 100 per cent correct. It will be very nice if there are clearer indications."

At the centre of a storm of protest over his so-called "mainstream proposal," Mr Cha said he now wanted to distance himself from further argument.

"I won't take part in the present talks for a compromise among rival political groups. I won't take the initiative. I can accept any proposals as long as they are agreed by other groups.

"I'd been trying to bring them closer for a compromise. Now it seems to me it's an impossible task to have a compromise agreed by all. No one appreciates my efforts. I'll take a passive role now. I'll relay whatever views to the drafters.

"I'm very tired. I just want the job finished. I'm not under pressure from China. I'm not so foolish as to be willing to serve as a scapegoat for China. Beijing has also had no strong views over the political system," said Mr Cha.

Rumours said Chinese top leader Deng Xiaoping had a session with China's top representative in Hong Kong, Mr Xu Jiataun, and retired shipping magnate, Sir Yue-kong Pao last October during which he had warned against hasty democracy of the territory.

This was said to have been relayed to Mr Cha before he tabled his political proposal at a crucial session of the BLDC political sub-group in Guangzhou last month.

Mr Cha said: "People have the right to guess whatever they like. But journalists should not speculate on my motives based on rumours. I have no idea if Mr Deng has talked about the territory's political system with Sir Yue-kong and Mr Xu. I have not discussed my proposal with them."

In an amended proposal, Mr Cha suggested that a referendum concerning universal suffrage should be held during the term of the second chief executive—five years ahead of the original proposal.

He said he would press for a third of the first batch of post-1997 legislators to be directly elected by territorial constituencies as has been generally agreed by most local groups.

Meanwhile, chief secretary Sir David Ford yesterday said he had not raised the issue of holding a referendum on the Basic Law with Foreign Office ministers during his recent trip to London.

"We didn't go into detail, clearly they were interested in what my judgement was of the mood in Hong Kong," he said.

Sir David said while there were diverse views on the pace of political development at present, he hoped the people could work towards a consensus on the issue.

"I think that would be best for all concerned," he added.

#### **Legality of Referendum Questioned**

HK1912081388 Hong Kong HONGKONG STANDARD  
in English 19 Dec 88 p 2

[By Mandy Tsoi: "Over Legality of Hong Kong Referendum on Model"]

[Text] A referendum to decide the post-1997 political model for the Hong Kong Special Administrative Region (SAR) would be unlawful, it was claimed yesterday.

Speaking at the City Forum organised by Radio Television Hong Kong, Basic Law Consultative Committee member Dr Zee Sze-yong said the political model could not be decided exclusively by Hong Kong people as it was a matter for all Chinese.

"The SAR political model, which is part of the Basic Law, is indeed a Chinese law as the Basic Law has to be approved by the Chinese National People's Congress (NPC). It is unconstitutional for the people of Hong Kong to decide a Chinese law with a referendum," he said.

Dr Zee said there were many technical difficulties in holding such a referendum.

"The NPC has to authorise a group of people to be in charge of the referendum. It also needs to decide who will be the voters and who will not. All this takes time and can be very controversial," he said.

What the public should do was to express views on the "mainstream model" so Basic Law drafters could make amendments accordingly at their meeting next month, Dr Zee said.

But Mr Lee Wing-tat, a representative of the Joint Committee on the Promotion of Democratic Government, said the China-appointed drafting committee, which endorsed the "mainstream model," could not reflect the views of Hong Kong people.

The "mainstream model" suggested a referendum be held in the year 2011 to decide whether future chief executives would be directly elected.

It also proposed that 27 percent of the seats of the first post-1997 legislature be directly elected.

Mr Lee said a referendum was needed as no political model, including the "mainstream model," was fully representative of public opinion.

"It is no use arguing which model is the most representative. Let the public decide," he said.

Mr Lee said he believed any difficulties involved in holding a referendum could be dealt with by the Sino-British Joint Liaison Group (JLG).

He said a referendum was not necessarily unconstitutional as the BLDC [Basic Law Drafting Committee] could use the result as reference material even if it was not obliged to abide by it.

He claimed a referendum was the best way to solicit the views of the silent majority.

Another speaker, Mr Cheng Kai-nam, also a member of the Basic Law Consultative Committee, said that by remaining silent, the people had already expressed their views.

"Why should we force the people of Hong Kong to make a decision now when not all of them have given democracy the highest priority in their lives?" he said.

"Let them choose only when they feel the urge for democracy."

**Author Han Suyin Views Post-1997 Role, Future**  
*OW1912191788 Beijing XINHUA in English*  
0149 GMT 15 Dec 88

[Text] Hong Kong, December 15 (XINHUA)—China will keep Hong Kong as functional and prosperous as possible and Hong Kong will be immensely valuable to China after 1997, said Han Suyin, a noted novelist and writer on China.

Hong Kong's future will depend on its economic performance, she said. "Challenges to Hong Kong's economy will come from things like protectionism, they will not come from China," she assured her audience of some 600 here Wednesday evening, basing her assurance on her many years of studies of China.

"The Chinese Government is very much aware of your (Hong Kong's) importance. There is no doubt about it. They are much aware also of your strong feeling about certain things," said Han, who maintains very good relations with Chinese leaders.

"Hong Kong has so many knowhows that the Chinese do not yet have, especially where services are concerned," she said.

Han suyin was speaking at the second of her lectures organized by the British Council, which was celebrating the 40th anniversary of its presence in Hong Kong.

Han Suyin, 71, daughter of a Chinese father and a Belgian mother, is renowned both as a novelist and as a writer on Chinese affairs, her works have been translated from English into 17 languages and she has become one of the best known writers in the world today.

**'Fixed Rate' Debt Papers Dearth Seen as Threat**  
*HK1912080788 Hong Kong HONGKONG STANDARD BUSINESS STANDARD in English 19 Dec 88 p 1*

[By Daniel Yu: "Dearth of Hong Kong Dollar Paper Threatens Local Development"]

[Text] A dearth in new issues of fixed rate Hong Kong dollar debt papers is threatening to stall the development of one of the primary segments of the territory's capital market.

This has raised concern among the remaining major participants in the market over the future prospects of the fixed rate debt sector in Hong Kong.

"We need to find solutions pretty quickly to get more paper issued...and that is going to be very difficult," said Patrick Thomas, managing director of Manufacturers Hanover Asia.

Ironically, it was just last year that the industry suffered a shakeout as a result of an oversupply of papers following a boom year in 1986.

The main reason for fewer issues this year, Mr Thomas said, was that most corporates tapping the swap-driven market were quite liquid—having satisfied their funding requirements in the stock market just before the October market collapse last year.

"They have satisfied most of their swap requirements in the last three years through early 1987 and some of them are even over-swapped," he said.

At the end of last week, there was a total of 49 bank-issued certificates of deposit worth \$6 billion of which 46 issues or \$5.4 billion were fixed rate.

The volume is down from last year's 36 fixed rate issues worth \$5.94 billion or close to a 10 per cent decline on a year-on-year comparison.

"When you consider the fixed rate market last year was actually closed for nearly six months, you can see that the volume of paper generated is so low as to be cause for concern," Mr Thomas said.

The total market for fixed rate paper is roughly \$28 billion of which 60 per cent matures within the next three years. Judging by the performance of the past two years however, the industry is not even producing the average \$6 billion due to be redeemed.

The shortage of paper is likely to get worse with the further development of the pension market which at the moment is investing about 2 per cent of its funds in fixed rate paper.

A committee at the Hong Kong Capital Market Association has been discussing ways and means of improving the market. It has also been holding discussions with Government.

Since the market shakeout early last year—when a number of banks suffered huge losses when interest rates started climbing—banks' paper inventories have gone down.

At that time, interest in developing the market prompted many banks to hold on to papers funding them on a mismatched basis, usually with three-month Hibor (Hong Kong interbank borrowing rate).

This is no longer true, particularly after the stock market crash which merchant bankers admitted had benefited the debt market as more institutions opted to place their funds in fixed rate paper.



**Company Donates Money for PRC Education Fund**  
*OW1912135088 Beijing XINHUA in English*  
*1147 GMT 19 Dec 88*

[Text] Beijing, December 19 (XINHUA)—S. Zhong Shan Int'l [International] Investments Co. Ltd. of Hong Kong presented 3.3 million Hong Kong dollars to the Soong Ching Ling Foundation in the Great Hall of the People here this afternoon.

The fund is to be used for children's education. Gao Dengbang, vice-chairman of the Soong Ching Ling Foundation, accepted the fund on behalf of the foundation. He expressed thanks to the company and issued a certificate for the donation.

**Macao**

**Security Force Commander Admits to Complaints**  
*HK1912080188 Hong Kong SOUTH CHINA*  
*MORNING POST in English 19 Dec 88 p 7*

[Text] More than 1,000 complaints about the Macao Security Force have been made and about 40 members sacked in the past four years.

This was revealed by the force's commander, Colonel Proenca de Almeida, at a weekend ceremony to celebrate the 13th anniversary of the founding of the force—set up in January 1976 to replace the former military service in Macao.

Colonel de Almeida said there had been plenty of critics, accusations and complaints about the force in the past few years. He admitted that most of the criticism was "reasonable."

He said the force was fighting for its own dignity and needed the assistance of the public.

Colonel de Almeida revealed the security force planned to increase its manpower, equipment and services in the next few years.

A senior officers' school will be opened in July to train local staff for higher ranking jobs, as part of the localisation aim of the Macao Government.

The Security Force controls the Security Police, Marine Police, Fire Brigade, Municipal Police and the Joint Training Centre and has about 3,200 staff.

**Journalists Investigate Press Law Changes**  
*HK1812060488 Hong Kong SUNDAY STANDARD*  
*in English 18 Dec 88 p 3*

[By Harald Bruning in Macao]

[Text] Macao journalists are discussing with government officials possible alternatives to the 1937 press law, which is to be revoked.

Some have maintained that the enclave can do without any press law, while others think that a democratic press law could work as an ethical guideline for the media.

The discussion followed a government announcement that the fascist-inspired press law would be scrapped.

The director of the government information services, Mr Miguel Lemos, said during the closure of the budget debate on Friday afternoon that the Macao Government would urge the Legislative Assembly early next year to revoke the press law.

The law, which dates back to the fascist regime in Portugal under the dictatorship of Prime Minister Antonio Salazar, was replaced by a democratic mass media law following the 1974 revolution.

But it is still in force in Macao, though it has not been used recently.

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